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The Week

THE eagerly awaited gold decision of the Supreme Court invalidates the gold clause in private contracts and, though supporting it in the case of government securities, deprives that ruling of any practical consequence by stating that the bondholders cannot prove any loss and therefore cannot bring their cases before the Court of Claims, which is the only court that might award damages. Thus the monetary policy of the administration, whatever it is worth, can continue undisturbed by constitutional limitations. We cannot at this time comment on the legal implications of the decision, but to the lay mind the whole incident must give rise to startling economic and political reflections. By the narrow margin of five to four, the Court has avoided a decision that might have thrown the country into further turmoil. The grounds on which the opinion of the minority was based had nothing to do with the practical social results of the line of action they would have made mandatory, but rather concerned the abstract right of contract. Even the opinion of the majority was, on the surface at least, more a consideration of rights and powers than of purpose. The decision fell as it did merely because recent Presidents have happened to appoint men like Hughes or Stone instead of men like McReynolds. Is it not an insecure social system that delegates power over the highest decisions of social policy to a few politically non-responsible men, acting on such concepts as these?

PARIS and London derived little comfort from Berlin's reply to the proposal of the Franco-British London Conference. Acting on the ancient Roman principle of "divide and conquer," German diplomacy is trying to set up a barrier of mutual distrust between France and England. There is no other possible interpretation of Germany's offer to discuss terms with France only after a preliminary conference with Great Britain. It is notable that the German statement takes a positive position in regard to only one of the various proposals: it expresses agreement in principle with the move for a convention for joint action against an aerial attack. The attempt to divide the French and British has, however, been unsuccessful. The British will conduct private conversations with the Germans only after preliminary Franco-British talks have resulted in a definite understanding on every point. Germany is also trying to come to a clear understanding with Poland, and is aided in this by the fact that France will go a long way in order to avoid an open break with Warsaw. It is significant that Germany should have chosen to accept the air convention in preference to the other proposals, and that her acceptance was followed by a similar declaration made a short time afterward by Foreign Minister Beck of Poland. It is obvious that both Germany and Poland are alarmed by the prospect of an agreement among the other nations. Such an agreement, which might easily exclude them, would pledge immediate defensive action against an aggressor, without the need to wait for a decision by the League Council.

MEANWHILE, there come from Moscow renewed reports of anxiety lest Germany and Poland should again be thinking of the famous Rosenberg Plan, this time in a slightly altered form. It is now suggested that Germany might get back the Danzig Corridor and Silesia and in exchange Poland would get Lithuania, the Nieman Corridor and a large

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part of the Ukraine, which has valuable coal and iron deposits. This would be accomplished, of course, by a joint war against Russia, conducted by Germany and Poland, presumably with the active assistance of Japan operating in the Far East. Indeed, it is suggested that the only reason for delay in putting this scheme into effect is the need to wait until Japan has had time to digest the large new bites she is now taking out of China and to get ready in a military sense. We hardly have to add that any attempt of this sort would almost certainly lead to another World War, with a good chance of wrecking Western civilization as we have known it in the past. The British and French are as well aware of this as anyone else. That is why they will bend every effort not only to bring Germany into the agreement against aerial aggression, but also to get her back into the League and have her sign the Eastern Locarno agreement which, they hope, will make anything like the Rosenberg Plan an impossibility.

THE Marquess of Lothian in a newspaper article the other day warned the British that Japan is now undertaking a "veiled annexation" of all China, and that unless the other signatories of the Nine Power Pact make immediate and vigorous protest, it may soon be too late. The Marquess is more correct in his diagnosis than in his remedy; the Great Powers have repeatedly demonstrated that they have no interest in the welfare of China as such, but only in protecting their own interests in that part of the world. In the capitals of Western Europe it is easy to see a growing belief that it might be just as convenient to do business with the Japanese in China as with the Chinese themselves—an argument that is plausible now, however erroneous in the long run. Meanwhile, Japan goes ahead, quietly, implacably and apparently in accordance with a timetable written years ago. The next province to fall before her will undoubtedly be Chahar, where all the usual formalities of "border incidents," "internal anarchy," etc., are being punctiliously carried out. There is a popular impression in the West that Chahar is a wild, desert country that no nation in its senses could want to conquer. This impression, however, overlooks the rich iron reserves in this area, which constitute about 40 percent of the existing supply of Chinese ore. China already exports one-half her iron, and of these exports, 99 percent go to Japan. Japan's present policy of aggression is built on iron, and the entire Far East has only a scanty supply of this metal. The Japanese are now proposing to the Chinese to build new railways that would isolate Chahar from China proper and make it an integral part of Manchukuo.

SENATOR Borah the other day asked that the United States should investigate the quarrel between the Mexican government and the Catholic Church. He did so, oddly enough, on the heels of his fight against the World Court on the ground that we must not get entangled with other nations. Now Archbishop Michael J. Curley has made the same demand. In our judgment, the case against the Archbishop is as good as the one against the Senator. American citizens, as individuals, have a perfect right to express their indignation over the treatment of Catholics in Mexico, or, if they wish, over the refusal of the Mexican Catholics to abide by the laws of that country. But for the American government to interfere would be a gross violation of both diplomacy and international law. It would in an instant destroy the effect of President Roosevelt's good-neighbor policy in Latin America; and in particular, it would probably not make the position of the Mexican Catholics themselves any more secure.

THE last-minute creation of a neutral zone between the Italian and Abyssinian forces in Africa may serve to prevent open conflict for the time being. But war preparations continue. Two thousand Italian soldiers have already left Naples for the Ethiopian front and another two thousand Black Shirts embarked after the understanding was reached. Will Mussolini be content with this demonstration of Italy's readiness to fight? Or is it not much more likely that he accepts the present truce as merely a temporary postponement of his plans for African conquest? With the exception of the Negro Republic of Liberia, not very rich in an economic sense, Abyssinia is the only territorial unit on the Dark Continent not already ruled by one or another of the nations of Europe. For a man of Mussolini's mentality—and a man who has, moreover, inflamed the Italian people with promises of a recreated Roman Empire—the existence of a vast native state, with rich gold and other mineral deposits, so near to Italy's possessions represents an almost irresistible attraction. The creation of the neutral zone is therefore little more than a temporary, and probably a welcome, interruption of Mussolini's campaign for African domination. It gives him time to station troops and modern war machinery there in preparation for the raid on Ethiopia that will come as soon as there is a favorable opportunity.

REPORT has it that Laval warned Il Duce during their recent conversations that an African campaign is not without its very serious difficulties and dangers. It is the amiable custom of the French to reward their friends with gifts that tax their powers of mastication to the utmost. The picture of Rome breaking its teeth on an African campaign is a consoling one, and France regards the conquest of Abyssinia as a major task. Ethiopia, with its population of 7,000,000, can put 2,000,000 warriors into the field at a moment's notice. Even without modern arms, native soldiers could hold the hill country of Ethiopia against all comers for a considerable period. General Italo Balbo, Governor General of Libya, and General Graziani, also sta-

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tioned in Africa, have urged Mussolini to abandon the idea of war and to turn his attention to establishing an easily obtainable protectorate over the Abyssinian empire. Ultimately the Italian dictator may accept this advice. For the present he prefers to play with the idea of forcible conquest.

THE Stavisky scandal in France, starting with a minor financial trouble involving the bonds of a municipal pawnshop, went on to destroy a government and to shake the country to its very foundations. It may have been the memory of this that caused the world to read with such interest of the collapse of the "pepper pool" in London. The speculators who tried unsuccessfully to corner the market on pepper when there was already a bad oversupply, not only ruined themselves but brought down with them several old-established firms in "the City." Several men who are high in political and financial circles have already been mentioned as implicated, in one way or another, and a parliamentary investigation is under way. The scandal may help to remove the cultivated impression that financial probity is far higher in London than in New York, and that Britons never, never shall be financial racketeers. And the consequent agitation to strengthen British regulation of the financial markets reflects ironically on the arguments advanced not so long ago by opponents of our Securities Act that it erred in so far as it was more stringent than British law.

FROM California come two more instances of violence used against workers who are on strike against low wages and bad working conditions. In the Imperial Valley, two strikers have been killed in a battle between members of the Fruit and Vegetable Workers' Union and local police who, as usual, seem to have had the active assistance of the ubiquitous American Legion. The wretched conditions under which agricultural laborers are forced to live in the Imperial Valley have been described too often to need to be repeated here. The strikers on this occasion were asking union recognition, the abolition of piece work and minimum wages of 50 cents an hour for women and 55 cents for men. At Jackson, California, a mob of vigilantes, led by the sheriff, descended upon a camp of striking miners, beat them up and destroyed all their possessions. "Vigilante" is a word that will soon need to be defined in the dictionary as: "A thug who terrorizes workers in order to keep them under starvation conditions, for the sake of greater profits to their employers."

CONFERENCES of young people are as thick these days as gooseberries in July, and our motto regarding them is, the more the merrier. The latest example is the Midwest Youth Congress, which met in St. Paul, Minnesota, on February 9 and 10. The delegates represented organizations of every possible shade of political opinion, and of none; they spent one day politely listening to their elders and then got down to the more solid and useful business of deciding what they themselves think about things. They endorsed the idea of stronger labor and farm organizations as a method of building strength for the working class in general. With some amendments, they backed up the program of the American League Against War and Fascism, and they approved the plan for a constitutional amendment providing that Congress shall not declare war until such action has been ratified by a majority of all the people. Conferences of this kind have some effect upon public opinion and are desirable for that reason; but they are ten times more desirable for the effect they have upon the conferees and upon the friends to whom they report after they get back home.

WE RECENTLY discussed in these columns the tragic position of the Jewish refugees from Germany, who in so many parts of the world are finding that even the doors formerly open to them are now being closed under the pressure of economic competition. Pitiable as is the plight of the Jewish workingman who has been forced out of Germany, the problem of the professional or intellectual worker is in some ways even worse; for his means of earning a livelihood are even more dependent upon the coöperation of the community. We also recently mentioned in an editorial ["Jews out of Germany," February 13] the notable work done by Dr. Alvin Johnson of the New School for Social Research, New York City, in setting up a "University in Exile" with a faculty composed entirely of refugees from Germany—some of them forced to leave because of race, and others because of holding opinions that are no longer permissible in the Nazified state. The annual report of this group has just been made public, and shows a remarkable piece of work accomplished under great difficulties. The school, formally called the Graduate Faculty of Political and Social Science, is one of the very few institutions of higher learning in the world where the instructors practise complete self-government. As the report points out, it was formerly quite customary for American university graduates to top off their academic careers with a year's study in Germany. They can now accomplish the same result on West Twelfth Street, New York City, with the assurance that they can there find a standard of competence and honesty in instruction now absolutely impossible in Germany itself. Like many other institutions of higher learning, the "University in Exile" is in need of endowment; at the moment, we can think of no better way to strike a blow for academic freedom than to aid this school, which is so definite an answer to the doctrines of Hitlerism, both here and abroad.

THERE are now two official reports on the work of the Automobile Labor Board—one by its chairman, Dr. Leo Wolman, and one by Mr. Leon

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Henderson, director of N.R.A.'s Division of Research and Planning. The two disagree about as sharply as is possible and, we fear, place President Roosevelt in a rather tough spot. Whose advice shall he follow? Dr. Wolman declares that "intimidation caused by union activity or union membership is no longer a problem of any magnitude," and that the seniority rights of workers are now well protected. From this one might conclude that the Automobile Labor Board had done a very good job. But Mr. Henderson, in his survey of the industry, finds nothing of the sort. His report is a depressing picture of widespread espionage, petty tyranny and intimidation. He found the fear of company reprisals so great that the auto workers were afraid to testify about their grievances. They came "somewhat trembling" and asked for assurances that their testimony would be kept confidential. "There were even those who felt certain that their employers would find them out and that they would suffer for having testified." It is, as Mr. Henderson observes, an "extremely serious and dangerous situation to find widespread fear to testify before government representatives."

AS FOR seniority rights, Mr. Henderson declares that the Automobile Labor Board "does not seem to have solved the individual worker's problem along this line." Lay-offs of several months each year, which are common and expected in the automobile industry, can be made permanent at the "petty whim" of a foreman, irrespective of the worker's service record. Moreover, "it is widely charged that not only do they lose all seniority rights after such a lay-off, but that they are hired as completely new employees, with the wage of new employees." The extreme uncertainty of reëmployment is emphasized in Mr. Henderson's report on working conditions:

> There is evidence to indicate that if a foreman says "do not rehire" on his lay-off slip, this snap judgment may be taken as final for that plant and perhaps, through checking of references, final for the industry. If the foreman should write "agitator" on the lay-off slip either as such or in code, the effect most certainly would be final in so far as that worker was concerned.

Obviously, the problems of intimidation, discrimination and seniority are far from being solved so long as such practices are possible.

THROUGHOUT the United States, the tide of oppression and restriction of civil liberties mounts steadily higher. The Hearst newspapers, the so-called patriotic societies and many other agencies of reaction continue their work, with increasing confidence as they feel that the general temper of the country is more favorable to them. In San Francisco, where the vigilante spirit is more openly evident than perhaps anywhere else in the country, an attempt has just been made to prevent John Strachey, the young English radical, from making a public appearance. In four American cities, speakers for the League for Industrial Democracy have been similarly harassed. In Louisville, Kentucky, a Red scare was started by the Colonial Dames, and augmented by the American Legion, which threatened that it would boycott the Community Chest if the L.I.D. lectures were held in the auditorium of a settlement house that participated in the chest drive. In Lawrence, Kansas, the school board was frightened by accusations made against the L.I.D. in the local newspapers and forbade the use of a public school for a meeting. A similar situation developed in Chattanooga, Tennessee. In Atlanta, Georgia, the Wesleyan Memorial Church was to have been the scene of an L.I.D. lecture, but the meeting was canceled when the Men of Justice, a local organization of Ku Klux Klan complexion, protested. We cite these incidents, not because they are unusual but because they are similar to many others now taking place throughout the United States.

The Conditions of Civil Liberty

THE FINAL paragraph of Mr. William Henry Chamberlin's letter on page 76 of this issue puts a question that deserves a frank and full answer. After discussing lack of civil liberties in the Soviet Union, he asks, "Isn't there something fundamentally unsound, even ridiculous, in the mental processes that lead many non-Communists to apply to Russia an ever condoning, even mitigating, soft and mild standard of judgment while applying to the system of Mussolini and Hitler and also to democratic regimes a merciless severity of moral judgment that suggests Jonathan Edwards, hell fire and eternal damnation?"

If judgment of every regime were to be based principally on the presence or absence of civil liberties, this behavior on the part of so-called liberals would be not only ridiculous but despicable. Civil liberties in our sense of the word are to a large degree lacking in Russia, as in Italy and Germany, and to a far greater extent than in the United States. One might, of course, make a good case for the proposition that on the whole the Communists are less cruel than the Nazis, and that they do not or at least do not intend to persecute people for things they cannot help, such as being Jews. But freedom of speech and of the press certainly does not exist, and people are customarily disciplined for unorthodox political views. Secret trials and severe punishment have been frequent—though recently of diminishing occurrence. That this, of and by itself, is a desirable state of affairs, it would be absurd to maintain.

But the answer is that the existence or absence of civil liberties is not the sole, or even the major premise of judgment. Those who are more tolerant of the Soviet Union than of Nazi Germany or Fascist Italy are so because they sympathize with

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the main objectives and the chief policies of the workers' republic, and abhor those of the Nazis and the Fascists. To attempt to establish a classless society in which unemployment, industrial crises and exploitation do not exist is quite a different thing from enforcing industrial autocracy based on private ownership of the means of production, continuing an economy of scarcity, and doing so on the basis of an extreme and belligerent nationalism, an erroneous mythology as to the supremacy of a race and a suppression of science and reason in favor of insane prejudices. We are quite ready to admit to Mr. Chamberlin that the difference seems to us as wide as that between any two endeavors the world has ever known, and we see no reason for not preferring the one to the other simply because both happen to involve some suppression of civil liberty.

The consequence of this attitude is that partisans of the Russian endeavor do not condemn the Soviets in toto because of specific violations of civil liberty; on the contrary, they are ready to consider questions concerning the possible necessity—though the unwelcome necessity—of such violations in pursuit of the major objectives that they approve. But no such consideration arises in connection with violations of civil liberty under Hitler and Mussolini, since there is no sense in the objectives sought. The more effective fascist violations are in achieving their avowed ends, the more unfortunate the nations concerned and the world will be. There is no possible ultimate gain to offset the present loss.

It may further be asked, however, why friends of the Soviet Union should not act the part of true friends by being unpleasant on occasion; why they should not lean over backward to condemn the flaws in what, on the whole, they admire. Why should they not want Russia today to show at least as high a public morality in the matter of liberty as they expect of authorities in the United States? Ought their partiality in the matter of objectives to blind them to existing facts? History is full of injustices committed in the name of noble ends. The end does not justify the means. Means have a way of becoming ends in themselves. All these questions are pertinent. They can be considered only by looking more closely into the nature of civil liberties.

Liberty is not an absolute, but a relative quantity. In no regime, and under no circumstances, is liberty complete. Every society forbids the doing of certain things. What it forbids depends on the nature and aims of the society. Liberty to own private capital and seek profit, for instance, is incompatible with socialism, and no one who favors socialism could believe in it.

Civil liberties involve chiefly the freedom of persons in relation to the government that forbids. If people can oppose the government freely, can even advocate with impunity basic changes in its character, and if they are safeguarded, when they become involved with governmental police power, by such things as the presumption of innocence until guilt is proved and all the other appurtenances of what is known as a "fair trial," then civil liberties exist as completely as is humanly possible. Now, liberty of this magnitude is rare and always has been. It does not exist as a free gift or as a divine right, but is won and preserved, if at all, only at a great sacrifice. And it is not a condition precedent, but the product of certain other conditions. It can result only from a highly stable regime that is not seriously involved with foreign enemies and in which internal opposition does not threaten the existing order. The moment a government is threatened by civil conflict or war, civil liberties are restricted. This is, historically, as true of the United States as of other nations.

It is childish, therefore, to expect that civil liberties can be preserved intact during a great and uncompleted social revolution. In Russia they did not exist under the old regime, to be preserved. Within the past seventeen years there have occurred the expropriation of a whole class, civil war and war of defense against foreign armies, assassinations and attempts at assassination. The Soviet Union lives in a hostile world, to the traditional constitution of which her very existence is a challenge, and in which foreign plots against her peace and security have been frequent. Internally, a task of reconstruction has been undertaken that is of startling novelty and daring and that involves great sacrifice and heroic devotion. It is thus understandable that those who are responsible for the building of the new regime are not so tolerant toward dissentient opinions or so ready to give suspected assassins, plotters or leaders of opposition the benefit of the doubt as might be expected in an older and better established regime.

If one looks at the situation realistically, the hope for civil liberties in Russia therefore lies with the success and stabilization of the new society. There may come a time when anyone who would advocate the return of capitalism or monarchy would be in such a hopeless minority that he would be regarded merely as an unimportant curiosity. There may come a time when foreign enemies will cease to cherish the hope that the government can possibly be overthrown. And there may come a time when its program will be so firmly established and will be yielding such an obviously good life to the people that internal disputes as to policy will not confuse important counsels or endanger major objectives. The great revolutionary leaders themselves looked forward to such a time and expected that there would eventually be more personal freedom and security under a socialist order than there is under capitalism.

Current denials of civil liberty are disturbing to Soviet sympathizers, therefore, not only on account of abstract conviction but on account of the evidence they present that the leaders believe security in the regime is still remote. They are disturbing, too, because of the immediate losses they involve. The

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reaction abroad to the measures taken after the Kirov assassination may have had much to do with diplomatic setbacks. Terrorism and violence have a tendency to breed terrorism and violence internally. Furthermore, any regime that suppresses internal criticism may be not so much safeguarding itself against overthrow as denying itself the benefit of corrective counsel. It is impossible for outsiders to decide when this point has been reached, but they know from past experience that those who exercise the power of the state are likely to overemphasize the danger of opposition while underemphasizing its possible value. It is only fair to call for suspension of judgment against the Soviet authorities when civil liberties are violated, in view of the historical and political situation, until the facts of the specific cases are known. But this exercise of tolerance should not lead sympathizers to gloss over the unfortunate realities.

If this is the just attitude toward the Soviet Union, why should we not be equally tolerant in judgment of violations of civil liberty in the United States? The answer is that the historical and political situation is utterly different. Whereas in Russia liberty has never yet existed, civil liberties were supposed to have been established here when the government was founded, or at least with the adoption of the first ten amendments to the Constitution. We pretend to be a democracy in which minorities have freedom to exercise persuasion, and in which, if they become majorities, they may alter radically the nature of government and society. We are not seriously threatened by foreign enemies. Those who approve the present economic order maintain that it is essentially stable and serves the best interests of the majority. If all this is true, there is no excuse whatever for civil suppression. Anyone who, in this country and in support of the existing regime, denies or attempts to deny civil liberties, betrays his own cause; he admits that our society cannot safely withstand criticism or that it will not permit itself to be essentially changed by constitutional processes.

As a matter of fact, we do not expect that civil liberties can be preserved in this country if unrest becomes serious and revolutionary action is really feared. The present tendency toward their suppression is a symptom of the growing uncertainty of the ruling classes. But we cannot tolerate this suppression because of arguments that it is in a good cause any more than we can apply such a judgment to Fascist or Nazi suppression. Any denial of civil liberties in the United States, while it may be rationalized on the ground that it is applied to enemies of the republic, is as a matter of fact a defense of an essentially undemocratic economic system, which has to suppress political freedom in so far as that freedom threatens the economic rulers. We shall continue to act on the basic American assumption that we are, politically, a free people unless or until the rulers of capitalism make it impossible.

Both Guilty

IN THE Hauptmann trial both the defendant and society were found guilty. The best thing one can say of it is that it is over. It was a microcosm showing us many of the faults of our system of justice—and indeed, of our society as a whole—in one vivid and humiliating example. The great god Demos was served by the press, which sent out nearly 12,000,000 words by telegraph, and assigned humorists to write, and cartoonists to draw, "the funny side of the trial"; by the radio and the movies; by the defense counsel, who broadcast their opinions of the state's witnesses and predictions as to what they themselves would prove; by the jury, which, it is reported, is now considering a vaudeville engagement; by the vendors, who sold little wooden ladders outside the courtroom as, God save us all, "souvenirs of the trial." Much of the evidence was highly technical and complicated; the chances are a thousand to one that the jury did not understand it, but acted on the general drift of the testimony as a whole plus the usual intangible, emotional grounds.

Amid all the uproar of ballyhoo, it was impossible to grasp the fact that a man was on trial for murder and that the state proposed to murder him in return; we doubt whether one in a thousand of those who followed the case, in person or vicariously, could hear above the clatter of the telegraph machines the awful voice of Death. As for the defendant, it seems pretty clear that he is a psychopathic individual whose paranoiac tendencies were accentuated by the greed for wealth that is such a prominent characteristic of our society today. In a truly civilized community, his disease would have been detected through expert examination and he would have been locked up before he could do any harm. What we had at Flemington was less a process of justice than a mass orgy of hatred and revenge. Frazer, author of "The Golden Bough," should have some interesting comments to make on the society that rises in such fury against the murderer of the hero's child while it lets so many sons and daughters of lesser folk die unlamented.

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Facts About Faces: V. *Richard Whitney*

Hair stroked back from a ruled part like a wing of wet feathers. Tall head with the narrow, high, unquestioning forehead of a bishop, suggesting a silo for dogmas. Down-slanting, dim eyes, drowsy, without lights. Long, proper nose, self-righteous, like a ram's with a low droop over sniffy nostrils, indicative of misguided venerations. Complacent mouth with set corners, hiding uncertainty. Big frame with sloping shoulders and full color. Carries himself as grandly as a floor-walker. Voice generous with the roll of distant guns and after-dinner speeches. Well valeted, well fed, well taught, well meaning. Cognizant of the obvious, familiar with the highways, equal to every usual occasion. Rotarian's delight.

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Senator Nye Hunts Big Game

AFTER months of poking around in the underbrush of the munitions industry, Senator Nye and his committee have started up two large, important animals. One of them is named War; the other, which bears a marked resemblance to the first, is called Imperialism-in-the-Orient. Both beasts are fierce and crafty. Whether Senator Nye's committee will catch them or whether they will eat up the committee is not yet certain.

Last spring, when the Nye committee was established, the notion was current that its task would be relatively uncomplicated. All the Nye committee needed to do was to expose the munitions makers' activities—let in the good, clean sunlight—and every decent person, high or low, would rise up to exterminate them.

In its investigation, the committee has proved the worst that anyone suspected about the munitions makers. It has shown them fomenting armament races and bringing nations close to war. Yet what has happened? Early in December, without advance warning, Mr. Roosevelt selected Bernard M. Baruch and General Hugh S. Johnson to make a rival munitions survey. With his usual charming smile, Mr. Roosevelt denied hostile intent toward the Nye committee, but since Mr. Baruch and General Johnson are well known preparedness enthusiasts, his denial was not convincing. As soon as Congress met, Chairman McSwain of the House Military Affairs Committee and Chairman Vinson of the House Naval Affairs Committee announced two other rival investigations. Instead of every decent person, high or low, springing up to exterminate the munitions makers, and incidentally bestowing wreaths of gratitude on the Nye committee, a presidential commission and two House committees were trying, in effect, to shield them.

To argue that Roosevelt and the men around him aren't decent people is nonsense. But, as the issue of the munitions makers approaches the point where a decision must be taken, it is clear that the administration is unready for drastic action. Not only that, but the most recent testimony before the Nye committee shows that, in the case of the $238,000,000 P.W.A. naval contracts in 1933, it was prepared to grant the warship builders extraordinary favors. The administration has tried to explain its attitude through the testimony of Secretary of War Dern and Assistant Secretary Woodring before the McSwain committee, and through a War Department memorandum submitted to the Nye committee. From a free translation of these statements, its attitude seems to be this:

"Nearly everything said about the evils of the munitions industry is true. But suppose the United States were involved in a war. The quicker we could place guns and shells in the area of conflict, the quicker we could obtain victory. A private munitions industry, already established and functioning, would increase our ability to produce guns and shells at once. With all their evils, can we risk abolishing the munitions makers?

"Similarly, during a war, can we risk taking away the profit motive from business? As the war continued, there would be no theoretical upper limit to the guns and shells and munitions of every kind we would need except the capacity of private industry, in general, to produce them. Anything that would encourage industry to operate at the maximum rate would be to our national advantage. If the United States won, the fact that business men made scandalous profits would be regrettable, but not serious. On the other hand, if by some stroke of fate we lost, and were forced to undergo the disgrace and penalties that, for example, have been visited upon Germany, what comfort would it be to anyone that the war had been conducted on a clean, wholesome, public-spirited, non-profit basis?"

This argument is based on two premises. These are, first, that industry in the United States will continue under private ownership, and second, that the United States is likely to be involved in war. The validity of the first premise, despite its fundamental, long-run importance for peace, is outside the present discussion. But the validity of the second premise, that the United States is likely to be involved in war, is of immediate, crucial importance for the future of the Nye committee and for the whole popular movement against the munitions makers.

The hostility of the administration to the Nye committee makes sense only when viewed in the light of its foreign policy. Early last December, about the time that Mr. Roosevelt selected Mr. Baruch and General Johnson to make a munitions survey, Mr. Norman Davis, in London, rejected a Japanese offer to reduce the Japanese fleet by half, provided we reduced our fleet to the identical level. Since most naval authorities agree that Japan could not successfully attack the continental United States under any imaginable circumstances, our own safety was not at issue. What was at issue was American influence and supposed interests in China, or, more exactly, the joint influence and interests of America and Great Britain. By proposing the abolition of capital ships and airplane carriers, both considered by naval authorities necessary for an aggressive war in Asiatic waters, the Japanese were, in effect, asking whether America and England—but more particularly America—regarded their Asiatic interests as worth fighting for. Japan received an indirect answer when, at the opening of Congress, Mr. Roosevelt pointedly mentioned the worsening

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of our foreign relations during 1934—a patent reference to the Orient. It also received an answer when, two days later, Mr. Roosevelt asked Congress for an appropriation of $700,000,000 for military purposes. Incidentally, perhaps a third of this sum will be pocketed by the munitions makers.

It should be made clear that, for the purpose of the Nye committee, why and whom we fight in the Pacific is of no significance. It is a mistake to regard Japan as our hereditary enemy. There will be no war in the Far East immediately, perhaps none for several years, and by that time we might easily be allied with Japan in a conflict with Russia. The only relevant consideration is whether the administration believes that, in maintaining American interests in the Far East, we may conceivably be involved in war. From all appearances the administration believes that we may. The Nye committee and the administration's Far Eastern ambitions confront each other like a hunter and a pack of snarling, tail-lashing, man-eating lions.

Yet, despite the findings of the committee, the administration shies away from government manufacture of munitions. Before the McSwain committee, Mr. Dern candidly admitted the "objectionable features" of the private munitions industry. But a government monopoly, he protested, might be "detrimental to national defense." The phrase "national defense" is a slippery one, but if "prospects for victory in a Far Eastern war" is substituted for it, Mr. Dern has a strong case. If it is true that we are likely to be involved in war if we pursue the Far Eastern policy the administration seems to have mapped out, it is only sensible carefully to preserve our peacetime munitions industry. In this case, the Nye committee had best suspend its hearings, dismiss its staff and toss into the wastebasket the transcript of the testimony already taken.

One point needs to be made. Unless we intend to bid for a dominant position in the Orient, we are under no necessity to wait, as some sincere peace advocates have suggested, for simultaneous action by other countries before getting rid of our munitions makers. Unlike the nations of Europe, we are not surrounded by militarily powerful neighbors. Without danger, we can unilaterally suppress our private munitions industry at once.

The other half of the munitions problem, that of preventing profiteering, after a war has begun, by industry in general, has taken a great deal of the committee's thought. As yet there is no agreement on specific measures. The committee has before it a series of seven bills drafted by Senator Clark, empowering the President, among other things, to take over industry at the outbreak of war. Senator Clark's program roughly parallels the French "men, women and wealth" mobilization plan, although it does not mention women. Presumably the committee also intends to consider Senator Nye's proposal, made last spring, for a 98-percent tax on wartime incomes.

The committee's investigators have revealed instances during the World War where business men holding munitions contracts made profits ranging up to 1,200 percent. None of the World War munitions makers appears to have made less than 50 percent. But just as the administration declines to nationalize the peacetime manufacture of munitions, so it declines to do anything to prevent profit-making by business, as a whole, in future wars. Before the McSwain committee, Mr. Dern advocated price control and a drastic excess-profits tax. But he warned that penalties laid upon industry must not be so severe as "to hamper, cripple or destroy" the future production of war materials. This seems a formula liberal enough to content any business man.

Again the question must be answered: "Is the United States going to be involved in war?" If we are, Mr. Dern's position has much to be said for it. In the event of another war, I believe that it will be impossible to prevent the same sordid swindling of the government that occurred in 1917-18. Conceivably, a hypothetical group of highly disciplined and trained revolutionary engineers might, at the outbreak of war, take over and operate American industry without profit. But no President at all likely to be in office either could or would want to take over industry. His paramount interest would be to win the war. If he attempted to whip the country's industrialists into operating without profit, or at a reasonable profit, the result would be, for an interval at least, a smaller production of munitions than if he permitted them their 50 to 1,200 percent. At a time when its armies are presumably engaged in a desperate struggle with the enemy, an administration cannot afford to take time to lead a social revolution.

No matter how great its legal war powers, the advantage of any wartime administration necessarily will lie in enforcing only those restrictions upon profits that business as a whole willingly accepts. In Mr. Dern's words, nothing can be done "to hamper, cripple or destroy" the business men. A single manufacturer, caught in a particularly larcenous violation of federal laws, probably could be safely punished. But business, as a whole, must be allowed to make its own terms. Anyone who doubts this is invited to study the Old Hickory gunpowder-plant episode of the World War. There, on behalf of the administration, the late Robert S. Brookings sought, by stormy threats, to force the du Ponts to agree to what he felt was a fair contract. The du Ponts, secure in their knowledge that the administration had to have the munitions they could make, calmly defied Mr. Brookings and, after months of delay during which the A.E.F. was deprived of a source of gunpowder it otherwise might have had, the administration surrendered.

These same considerations apply to Senator Nye's 98-percent-tax plan. The committee's investigators have shown that, during the World War, industrialists habitually, and with apparent im-

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punity, hid profits among dummy corporations, one fitting inside the other like nests of boxes that are given to children. When excess profits were claimed by the government, many industrialists flatly refused to pay up. Years later, under the benign Mr. Mellon, they were able to compromise with the Treasury, both as corporations and individuals, for almost nothing. After seventeen years, the du Pont company still refuses to pay a wartime tax claimed by the government, and by now much of the evidence on which the government's claim is based, inadvertently or otherwise, has been lost.

A valuable service performed by the World War investigations of the Nye committee has been to recall that the Wilson administration was the original advocate of preventing wartime profits. We have never had a more starry-eyed, high-minded administration than Wilson's, nor one that more sincerely hated the greed and chicanery of business. Under Wilson no one like Jim Farley, let it be remembered, could have had the run of the White House. Yet the Wilson administration, burdened with the necessity of supplying a fighting army, was compelled to acquiesce in profiteering on a colossal scale. It seems excessively naïve to think that any other administration we are likely to get under our present social system will do better. There can be no harm in having Congress pass new, improved wartime laws, like the seven bills of Senator Clark and the tax proposal of Senator Nye, but it is unreasonable to hope for much good from them. As, in a triumph of understatement, Mr. Woodring told the McSwain committee: "Taking the profit out of war is a beautiful theory, but it is far more difficult than writing it down on paper." There is only one promising way to prevent war profiteering, and that is for the United States not to be involved in war, in which case the problem will not arise.

At the last count Senator Nye had received 150,000 letters of commendation—an outburst of approval from plain citizens that, according to report, has been disconcerting to the White House. The writers of these letters are manifestly not interested in abolishing munitions makers for the sake of the sport. What they want is to prevent war. They think that the intrigues of the munitions makers and the expectation of wartime prosperity by business in general are contributory factors to war, and this is true. Possibly they contribute as powerfully to war as an imperialistic foreign policy does. But an imperialistic foreign policy stands logically first, and makes vastly improbable any effective action against munitions makers and war profiteers. The implications of the administration's present Far Eastern policy, its insistence upon a great fleet, its demand for a $700,000,000 military budget, must be made clear to the country, and the administration's policy and war preparations must be repudiated, before the Nye committee can carry through its investigation to a worth-while conclusion.

JONATHAN MITCHELL.

Is Social Credit the Answer?

1. It Answers Nothing

SINCE the war in Europe, and the crisis of 1929 in America, a multitude of monetary schemes have budded in people's brains. These schemes stem from all sorts of social roots and accordingly vary widely in radical content. The more radical propose some drastic substitute for the gold standard. Social Credit, commodity money, index numbers, energy units and what-not have been led forward to replace the golden calf.

Social Credit, the brain child of Major C. H. Douglas, an English engineer, is perhaps the most conspicuous of these "funny money" proposals. It has already circumnavigated the British Empire and taken residence in this country. To his disciples Major Douglas is the Darwin of present-day economics. They cry: "Adam Smith for Capitalism, Karl Marx for Communism, Major Douglas for Economic Democracy." They have even rather immodestly proclaimed themselves to be a Fourth International, the legitimate heirs of Marx, more truly Marxian than the Communists.

Do not, however, mistake the Social Creditites for Red revolutionists. They are pure monetary reformers who contemplate nothing more violent than "a bookkeeping revolution." According to Mr. Gorham Munson: "No confiscation, no expropriation, no 'nationalizing' of banks, no class war, no political revolution is proposed—nothing but the transformation of finance from a veil to an accurate mirror of industrial facts." The consequences of this bookkeeping revolution will be the distribution of plenty and leisure to all. The chief objection Mr. Munson says he has encountered to the Douglas prophecy is that it is too good to be true. It is—but there are more serious objections.

Social Credit theory is compounded of mythical history, superficial economics and utopian politics. The Social Creditites extract their history and theory of money from two equally unreliable sources, etymology and their imaginations. For example, from the trivial philological fact that the root of our word, pecuniary, comes from the Latin word for cattle, *pecus,* Douglas assumes the first form of money to have been, quite simply, leather tokens manufactured by the owner of cattle for pur-

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poses of direct barter. There are four errors in this one statement. First, cattle were but one among many commodities (wheat, wampum, slaves, iron, gold, silver) used as money in primitive societies. Second, these early forms of money were not worthless tokens of wealth but commodities possessing their own intrinsic values, which they retained after they became money-commodities. Third, money did not originate in barter, but out of the extension of commodity production and exchange. Fourth, money was not the invention of owners of wealth for their personal convenience. It was a social necessity imposed upon them by the very nature of commodity production and exchange.

The Social Creditites carry over these errors in explaining the origins of later forms of money: paper currency and credit. Douglas ascribes the beginnings of both to the English goldsmith's custom of issuing receipts for more gold than was in his possession. This fable does not even pretend to explain how the precious metals have become universally acceptable money nor why one nation after another has allowed itself to be robbed for centuries by credit-creating bankers. As a matter of fact, paper money and credit money had dissimilar origins. Paper money (currency and bank notes) grew out of the state substitution of paper tokens for metal money. Credit, on the other hand, developed wherever payments in commercial transactions were postponed and debtor-creditor relationships were set up and maintained; that is, in close connection with the growth of commerce and the capitalist mode of production. Douglas confuses their different origins and functions because banks issue both credit and currency today. Yet he has the temerity to declare that "the epoch-making event of credit creation has probably gone unnoticed until the present time." *He* has providentially appeared to correct the oversight.

In addition to confusing all the functions of money, the Social Creditites melt all its forms into one shapeless mass. They regard paper money and precious metals, cash and credit, national and international money in all their metamorphoses as equally arbitrary creations of states, institutions or individuals, having no objective basis of value or inner connection with social production and exchange. This disregard for the various forms and functions of money is accompanied by an incomparable insularity. International economic and financial relations, which play a leading role in domestic credit conditions, seem thoroughly unimportant and accidental to them. Out of such historical fictions and theoretical fallacies do the Douglasites fashion Social Credit.

The rest of their economic wisdom is summed up in two phrases, "the money power" and "the flaw in the price system" (their polite pseudonym for capitalism). To the Social Creditites, the banker is Public Enemy Number One. His racket is the monopoly of credit that enables him to regulate the volume of money, dominate and levy tribute on industry. They see only one class antagonism in capitalist society, the antagonism between finance and industrial capital, whose interests they consistently confound with the interests of "the community." Just as the Single Tax was "only the frank expression of the hate of the industrial capitalist for the landed proprietor, who appears to him as a useless encumbrance, a superfluity in the otherwise harmonious whole of bourgeois production," so Social Credit formulates the hatred of the industrial capitalist and his dependents for the power of finance capital, which threatens to devour them.

The Social Creditites imply, where they do not assert, that bankers create loan credits out of thin air. Is this true? Not except under extraordinary circumstances like the World War, which endanger the very existence of capital. Major Douglas's knowledge of finance dates entirely from the war period. In normal circumstances, bank credits are issued on some security which, whatever its form, is ultimately based upon the continuous production and exchange of commodities.

Whence do the crises of overproduction, which recurrently interrupt and paralyze this process, arise? The Social Creditites first whisper, "The Bankers' Conspiracy," and then shout, "The Flaw in the Price System." Bankers have on occasion deliberately provoked crises by contracting credit. The crisis of 1881 in this country is a case in point. At best, however, this serves to explain the occurrence of monetary and credit crises. The universality of the present crisis, affecting every sphere of capitalist economy from industry to agriculture, the magnitude of its effects, and the helplessness of the banking fraternity—all testify to the silliness of blaming the crisis on the machinations of the money power.

Is it, then, caused by the flaw in the price system? According to his followers, this is Major Douglas' great discovery. This flaw is presumably demonstrated by the A-plus-B theorem, which proves that the chronic tendency toward a deficiency of purchasing power, coupled with a contraction of credit, brings on crises. After minutely analyzing five different interpretations of this ambiguous algebraic theorem, H. T. N. Gaitskell concludes that none of them discloses the exact location of any flaw in the price system.[1] Despite the importance the Douglasites attribute to this magical formula, it is only the incantation uttered by the sleight-of-hand performer as he draws the rabbit from the hat. The Social Creditite's rabbit is the revelation that, not the capitalist system, but the accounting system is responsible for imperialism, wars and crises. The trouble is that incomes are distributed by financing production instead of consumption. The whole monstrous mess arises from an error in bookkeeping.

This explanation of crises by a flaw in the price

[1] "What Everybody Wants to Know About Money," edited by G. D. H. Cole, page 280 *ff.*

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system has a few flaws in itself. It fails to account for the fact that capitalist production runs in cycles and breaks out into crises at periodic intervals. Like all the New Economists, the Social Creditites either dodge this difficulty by asserting that the present paradox of poverty amidst plenty is an unprecedented phenomenon of the contemporary power age, or else they try to solve it by reference to the credit cycle. However, even before the Socialists appeared, our first American economist, Benjamin Franklin, had noted the anomaly of poverty amidst plenty. Nor can the cause of overproduction crises be traced to the financial system. The fact that crises first manifest themselves in a contraction of credit induces the Social Creditites to blame their occurrence on the bankers. They do not see that the banker is not an independent potentate and his contraction of credit is only a sign that the crisis has already begun. The credit cycle is only the flywheel, not the generator, of the production cycle. The roots of the crisis lie deeper than the Social Creditites care to look, in the one sphere they hold sacrosanct, capitalist production itself. The disproportion between production and purchasing power, the sudden calling of credits and all the defects the Social Creditites see, are effects of the contradictions of capitalist production. The flaw in the price system is a blind spot in the Social Creditites' eyesight.

The Douglasites deny that the mode of production determines the character of distribution. They believe that they can revolutionize the one without disturbing the other, a task as impossible as trying to cure a cripple by altering the shape of his shadow. Nevertheless, the operation seems simple to the Social Creditites. They say: transfer the credit power from the banks to the state; finance consumers and retailers instead of producers; and presto-chango! without in the least upsetting the existing relations of production, purchasing power will be equated to productive capacity, the national accounts balanced, poverty abolished, class struggles overcome and the world's new age of plenty ushered in. All this will be effected by a quick change in accounting methods. Verily, the pen is mightier than the sword.

Before we become entranced by this beatific vision let us scan the Social Credit scheme more closely. Major Douglas' patented panacea is concocted of two chief ingredients, the National Dividend and the Just Price. They are to be taken as follows: After credit has been nationalized, the population will be organized into a National Corporation. All the citizen stockholders of this corporative state except a few high-incomed individuals will receive their National Dividend regularly as bondholders now receive interest from the government. At the same time, in order to avoid inflation, eligible retailers will sell their goods at a decreed discount and be compensated at the average rate of profit from the National Credit Account. This National Credit Account will be calculated by a National Accounting Bureau from the excess of productive capacity over purchasing power and split into two streams, going to retailers and consumers.

Professor Soddy, another New Economist, condemns the Social Credit scheme as a form of progressively increasing currency inflation since, unlike bank credits, National Dividends can continue to circulate indefinitely. At this point the Social Creditite plays his trump card, the Just Price. The Just Price is to be determined by "the true cost of production," ascertained by the National Accounting Bureau. Here is the flaw in the Just Price system. Prices, which are now determined by competition through the mechanism of the market, are going to be fixed or adjusted. This cannot be done by regulating the volume of money alone or by estimating the costs of production. Unless the volume of production is also controlled and the market monopolized, the same disproportions in production and prices that produced the present crisis must recur. To carry out their plan, the Social Creditites must control not only the national credit but the national economy, and abolish the whole complex of competitive capitalism. The grim face of fascism, the political form of the dictatorship of monopoly capital, emerges from the mist of Economic Democracy.

Hitherto our discussion has proceeded in the atmosphere of theory. Let us come down to earth. Japan's belated entrance into the capitalist arena compelled its bourgeoisie to adopt the most advanced technological and financial equipment in order to outstrip their competitors. Thus the Japanese first adopted, and then discarded, our national bank system. Through the central and industrial banks and a system of subsidies, the Japanese government has practically nationalized credit. But have the Japanese socialized it? Not in the least. They have used it to safeguard the profits of Mitsui and Mitsubishi, the Japanese Mellons and Morgans. Social Creditites rail at them for applying social credit "upside down." Who will teach them that it is not the stupidity of the yellow race but the compulsions of capitalism?

Credit can only be socialized after the means of production have been socialized—and even where this has been accomplished, as in the Soviet Union, Social Credit by itself cannot solve the economic problems of any one country. We live in a world economy where the economic problems of any single section of society can be solved only on an international socialist scale.

Senator Cutting of New Mexico has prepared a bill proposing to nationalize currency and credit, the first step in the direction of a full Social Credit program. Even if credit were nationalized, the net effect would be to intensify rather than ameliorate the contradictions of capitalism. Such an act would simply place a more powerful weapon in the hands of the monopoly capitalists whose business it is to control state power. However, the adherents of

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Economic Democracy are not likely to achieve their aim by such peaceful, legal, parliamentary means. Their attack on the money monopoly is an attack upon the principle of all monopoly, and, in the face of such an attack, all monopolist groups will stand together. Witness the ineffectiveness of the Single Taxer's onslaught against the rent monopoly.

In that event, only two courses confront the Social Credit movement: either to degenerate into an impotent sect like the Single Taxers or else to hitch their program to a militant mass party. Here the fascist tendency latent in Social Credit appears. The Social Credit program can by its very nature attract neither the conservative bourgeoisie nor the working masses. It appeals mainly to the discontented lower-middle classes hard-pressed between the other two. Here fascist parties find their social support and recruit their ranks. A fascist party originates on a mass scale by promising all things to all men—socialism to the worker, nationalism to the patriot, abolition of usury to the farmer, relief from taxes and even a national dividend to the distressed petty bourgeois. It ends by becoming a weapon of monopoly capital to destroy the organized working class and prepare the way for imperialist war.

Is it sheer fantasy to predict that, as in Germany and Austria, such monetary schemes as Social Credit can finally become a tail to the fascist kite? I quote the following from the front page of The New York Times of August 8: "The purpose of the Silver Shirts," testified Hayes of the U. S. Intelligence Service, "was to change the government. William Dudley Pelley, the national organizer, told me that the plan was to incorporate the nation, giving to each adult a share of stock. This would bear a monthly dividend of $80 a share."

Let us be clear on this point. Although there are many resemblances between Major Douglas' practical proposals and fascism, between Social Credit and National Socialist propaganda, a mask of pseudo-socialist phraseology, fiery nationalism, autarchy, anti-communism and anti-Semitism, the Social Creditites are not fascist—yet. They are high-minded, well meaning wanderers in the desert of capitalism. They have sighted Social Credit on the horizon. From a distance it looks supremely desirable and easy of attainment. But they are pursuing a mirage, an inverted image of capitalism, that will vanish as they approach it. Pelley, the fascist, is not a Social Creditite, and yet he has adopted the popular features of its program. Here is Social Credit as it exists, not in the fancies of its intellectual followers, but in mass action. It enforces our conclusion. Only two roads lead out of the present impasse of capitalism—the road to fascism or the road to communism, the dictatorship of monopoly capital or the dictatorship of the proletariat. No monetary magic can do anything but delude those who desire to escape from this unavoidable choice confronting mankind in our epoch.

GEORGE E. NOVACK.

2. On the Contrary—

EVERYONE—at least every public speaker—is familiar with the type of critic who sits at the back of the hall throughout the lecture, taking notes of those sentences or phrases that will afford him the best opportunities of contradiction from some predetermined point of view. At the end he rises, reads out these disconnected statements and ridicules each in turn to his own applause. I am irresistibly reminded of such objectors by Mr. Novack's performances in his remarks upon Major Douglas' "Bookkeeping Revolution." He has not paid his subject the tribute of troubling to understand it, and but for the immense importance of the issues raised by Douglas I should hardly pay his criticisms the respect of a refutation.

Extensive as his superficial acquaintance with Social Credit discussion may appear, Mr. Novack betrays three disqualifications for the task he has undertaken. First, he has not grasped the argument he pretends to dismiss; second, he shows no clear understanding of the nature and function of money systems; and third, his article is not an evaluation of Social Credit theory, but Communist propaganda.

As to the first, I can confidently say that if Mr. Novack had presented his case under other names and phrases I should have doubted if it could be a criticism of Douglas, with whose work I have been personally associated for many years. Certain of Mr. Novack's statements, moreover—such as that "In addition to confusing all the functions of money, the Social Creditites melt all its forms into one shapeless mass" and that "They see only one class antagonism in capitalist society, the antagonism between finance and industrial capital"—are wildly imaginary, irrelevant to anything with which I am acquainted in Social Credit literature.

"The Social Creditites imply . . . that bankers create loan credits out of thin air." Is this true? It is; and at this day of the world I am almost ashamed to repeat so elementary an item of general knowledge. Bankers' loans are merely promises that others must fulfill. Not only "in extraordinary circumstances like the World War," but also "in normal circumstances, bank credits are . . . ultimately based upon the continuous production and exchange of commodities"—or rather upon the expectation of the same. That is, they are based upon the *total* productivity of the whole community, as a going concern: they are instruments of the *social credit*. Every bank loan is a license issued to the community to continue or expand its economic existence. The policy which governs the issue of those licenses dictates absolutely *how* the economic life shall be carried on, whether in the production and consumption of bread or of high explosives.

Major Douglas has shown that present bank loans are not only misapplied to undesirable kinds

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of production but are so issued as to create a chronic insufficiency of money, which is itself largely a cause of the misapplications. Briefly; money is issued by the banks only to finance production. The official theory is that all money issued for production becomes purchasing power in someone's hands, and so pays the prices of the goods or services produced; but in practice it becomes purchasing power at a slower rate than it produces prices at market. The result of the boom is therefore a slump. Major Douglas has here produced the simplest and most irrefutable explanation to date of "the fact that capitalist production runs in cycles and breaks out into crises at periodic intervals," which, according to Mr. Novack, he "fails to account for."

Mr. Novack is even reduced to quoting as an authority the purblind Mr. Gaitskell, who, in the middle of a world slump teeming with goods, and with people without money to buy them, looked through five different professorial monocles and failed to find "the exact location of any flaw in the price system." You don't find the *flaw* in a *flow:* you cannot "locate" the point of overflow of a river in flood. Major Douglas has indicated many of the causes contributory to this acceleration of prices and retardation of effective purchasing power; it is impossible to enumerate them all, and the fact that the overall discrepancy exists is simply not in question. We are living under a financial methodology that produces glut inevitably followed by scarcity, and that allows of no remedy except to create new markets (by incurring debts more or less irrepayable) and repeat the disaster upon an even greater scale.

Major Douglas' proposals to synchronize the flow of money with that of purchasing power require the assumption by the elected government of supreme power over credit issue (not necessarily implying nationalization of the banks). Three principles of credit regulation are laid down. A National Credit Account, a National Dividend, and the Compensated or Just Price. Of these, the last is in my opinion the most urgent in relation to the depression in America.

To arrive at the Just Price, it would be necessary at short, regular intervals to obtain statistical information of the national productive power, which is in fact already estimated with considerable accuracy for other purposes. The difference between this potential delivery of goods and actual consumption would then, in price value, be accounted to the National Credit and issued direct to retailers of goods and services.

To the extent of this subsidy, retailers would sell to the public below cost. Prices, instead of being equal to, or greater than costs, would be a proportion of costs, varying according to the excess of productive power. The new money thus created would proceed, via the retailer and manufacturer, to the banks, and would be extinguished in paying off the now irrepayable debts of industry.

Since the essential effect of modern power production is progressively to dispense with man-power, even the institution of the Just Price, however, would not be sufficient to distribute the wealth of the community, although its immediate institution would enormously relieve the depression. The sum available on National Credit accounts, increasing with increasing prosperity, would justify the issue of a National Dividend to every citizen as a shareholder in the community.

No question of inflation arises from this such as Mr. Novack vaguely suggests. *Ex hypothesi,* the new money would come into existence with the delivery of the equivalent goods and services or not at all. And as for Mr. Novack's dogmatic statement that "prices cannot be regulated by regulating the volume of money alone or by estimating the costs of production," I do not know what he means by it. The problem is the actual delivery of the goods and services required, and to provide money for consumption is to provide effective demand.

Mr. Novack's unpreparedness to discuss the nature and function of money is shown in his statement that "even if credit were nationalized, the net effect would be to intensify the contradictions of capitalism," and in his facile equation of the money monopoly with every other monopoly. If he were not trying to prove Marxianism under color of explaining Douglasism, Mr. Novack could hardly deny that to transfer the power of credit issue from the banks to the nation would be a complete change in the working basis of capitalism. If the "contradictions in capitalism," which may be summed up as its attempt to produce profitably without distributing adequately, could not be solved by this means, they would be insoluble altogether. No monopoly is comparable in power with the monopoly of money. If a section of the population is allowed to monopolize the issue of credit, it can obtain possession of everything else in the country, as, in fact, all the means of production in the Western nations are now passing into the virtual ownership of the banks. That could be affirmed of no other monopoly, not even of the monopoly of land.

Imbued with the Marxian fallacy that the money-system is merely the reflection of commodities and property-relations, Mr. Novack begins with a string of loose generalizations about money, based upon one of the most purely brain-spun theories in "Das Kapital"—that money grew out of the necessities of exchange alone. In historical fact, the origins of money are also involved with magic, and with the rulership of the State, no less than with the exchange of commodities. I can only counsel Mr. Novack to think again, and for himself, upon this subject. For money, and especially in its developed form of credit, is the supreme executive and initiative instrument in the civilized state as we know it, and the real influence of all governments, including communist and fascist governments, is strictly limited by their ability and wisdom to control, and not to be controlled by, it.

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This brings me to the last of Mr. Novack's disqualifications for delivering a considered verdict upon Social Credit. He approaches the subject with the inflexible prejudice of a communist theorist. Hence his mind is made up in advance that the Social Credit movement is an enemy: and although that movement definitely opposes fascism, he believes it will ultimately join the fascist forces. He has no use for, and therefore does not believe in, any movement that he cannot place upon one side or the other of the "inevitable" class war.

It is true that Social Credit is an appeal to reason, and not to mass "action," and is beginning effectively to seek expression through regular parliamentary channels in the British dominions. It is also true that communism, by its rigid doctrinaire insistence upon civil war as the only solution—an attitude that it has hardened considerably since the Russian Revolution—has alienated much support and incalculably strengthened the forces of repression. At the same time, communists have become pessimistic people with an all-or-nothing aim.

Thus Mr. Novack tells us that even in Soviet Russia, where the means of production are socialized, Social Credit could not solve the economic problem. No—nothing short of complete world socialism will solve the economic problems of any one section of society! In pursuit of this super-Utopian phantasy, such doctrinaires are far too fanatical even to consider whether an attack upon the very heart of all capitalist abuses—the Credit Monopoly—might not do something to unite the progressive forces of the nation in which they live, and which they only strive more bitterly to divide. To demand mere support, which is entirely feasible, for the dispossessed millions of our superindustrialized world, now degenerating in their destitution, does not appeal to a communist intellectual, who looks to the day of the masses' final desperation and revolt as the fulfilment of his hope and prophecy. Yet when that day dawns—as it does not infrequently, when half-starved workers are shot or trampled down in futile riots—the part played by the communist doctrinaire is seldom that of a triumphant leader or even a casualty. It has proved far more like that of an *agent provocateur*.

Such theorists may be willing to postpone the relief of the masses until after the destruction of "the capitalist system," the creation of a new (unspecified) system and the achievement of world socialism. I suggest that the infinitude of means they postulate to the end they profess simply shows that they have not the ghost of an idea how to set about it. Social Credit, on the other hand, takes the relief of destitution and the distribution of existing abundance to be the first, and not the last step, toward a new world order. It has defined a method of immediate relief, of a nature that ought to be acceptable equally to the conservative who wishes to save civilization and the Socialist who looks to the physical salvation of the workers as the hope of the future. At the very least this proposal deserves more unprejudiced examination than Mr. Novack has given it.

A. R. ORAGE.

Power and the P.W.A.

PRESIDENT Roosevelt, in his letter appointing the Power Policy Committee last July, gave a definite statement of his electric-power policy. It would demand, he wrote, a closer cooperation of the several factors in our electric-power supply, both public and private, "whereby national policy in power matters may be unified and electricity be made more broadly available at cheaper rates to industry, to domestic and particularly to agricultural consumers."

Under the P.W.A. an attempt is being made to effectuate this policy. It is required, under the terms of the Recovery Act, to prepare a comprehensive program of public works, including federal and municipal power projects. The act authorizes it to finance federal construction by transferring the necessary funds to the Army Engineers Corps or the Reclamation Bureau. It may also finance state or municipal construction by loans at four percent with a grant of thirty percent of the cost of labor and materials. Both methods were adopted primarily in order that men might be put to work as soon as possible.

Bases for Planning.—As bases for regional planning in this field several reclamation hydro-electric developments in California and the mountain states of the West are already in operation. Ever since 1903 these projects have been financed by the government with loans to local districts without interest. However, the power generated was not needed by the districts and has been contracted away for long periods to public-utility companies. This energy is not now available to induce rate reductions.

Energy to be generated by the Boulder Canyon project has been contracted for by Los Angeles and other municipalities and by public-utility companies over which a control of resale prices will be exercised. Current generated by the T.V.A. project will serve the regions within transmission distance of Muscle Shoals and the Norris and Wheeler Dams on the Tennessee River. This distance is 300 miles. The P.W.A. has partially financed the Grand Coulee on the upper Columbia River in Washington, Bonneville on the same river near Portland, Fort Peck on the upper Missouri in Montana and Caspar-Alcova on the upper Platte in Wyoming. All these

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projects are under construction. They will sell current at a price based on cost of the works attributable to the provision of electricity (about two mills per kilowatt hour at the bus bar). While there is not at present a sufficient market, it is believed that eventually consumers will come like flies to honey. All these developments, except the T.V.A., are in the Northwest and Southwest and are remote from the centers of population.

Two projects are proposed in the Northeast. The federal government will doubtless aid the hydro-electric portion of the St. Lawrence River project by loans and possibly by a grant to the state of New York when the necessary treaty with Canada has been ratified. The project near Eastport, Maine, which will utilize the high tides of the Bay of Fundy for generating power, is now under study by a P.W.A. commission. St. Lawrence would dominate rates in New York State and "Quoddy" in New England.

Miscellaneous Projects Financed by the P.W.A.—It has remained to find projects in the Mississippi Valley outside the T.V.A. massive enough to influence rates regionally. The Columbus and Gothenburg developments (loans and grants to irrigation districts producing hydro-electric power on the Platte Rivers in Nebraska, together amounting to $15,000,000), bid fair to control rates in the southern part of that state. Gage County in southeastern Nebraska has an allotment of $575,000 to finance a distribution system primarily for rural consumers. The P.W.A. is considering a large allotment to finance the Lower Colorado River Authority, a public body of Texas, so that it can complete and extend hydro-electric works on that river. This construction will provide current in such amounts and at such low cost that the Authority can control rates in central Texas. In west Texas, on the Pecos River, a dam is being constructed with a generating station and transmission lines, to be used to provide irrigation and power. This is being financed by the P.W.A. There is also an allotment to Maverick County (in southern Texas) to finance irrigation with incidental hydro-electric works and distribution system. However, additional legislation by Texas is needed before this project can proceed.

In the Southeast the P.W.A. has contracted to finance the Greenwood County hydro-electric project on the Saluda River in South Carolina. It will serve that and adjacent counties.

The only allotment in the Northeastern states of sufficient size to have regional influence was one of $6,000,000 to finance the proposed municipal system of the city of Camden, New Jersey. State legislation was necessary in this case, but the New Jersey State Legislature twice failed to act, with the result that the allotment has now been rescinded. Other municipal electric projects financed by the P.W.A. that may be sufficiently substantial to promote regional rate reductions are at Coeur D'Alene, Idaho; Fort Collins, Colorado; Menominee and Allegan, Michigan; Cushing and Hominy, Oklahoma; Lockport, Illinois, and Alexandria, Louisiana.

In aiding the T.V.A. the P.W.A. has made allotments to Sheffield, Tuscumbia, Florence and Decatur, Alabama, to finance the construction of distribution systems to be served by T.V.A. power when available. A contract with the city of Knoxville has been executed providing $2,600,000 to finance the construction of a distribution system. It is possible, however, that the negotiations between the T.V.A. and the Tennessee Public Service Company, whereby the former was to acquire the company's distribution system at Knoxville and sell it to the city, may yet be successful.

The Private Utilities' Fight in the Courts.—Utility companies operating in Michigan, Missouri, Kansas, Idaho and South Carolina have endeavored to defeat the President's policy by bringing suits to enjoin the acceptance of P.W.A. loans and grants to finance municipal electric systems. In Missouri the P.W.A. has made contracts to finance municipal systems for the towns of California, Kennett, La Plata and Concordia, and an allotment to Trenton. Suits have been brought by the utility companies serving these cities to restrain them from accepting P.W.A. financing. These suits allege that the city's competition will be illegal because the federal government is without power to finance municipal power plants, and that the plaintiffs, as taxpayers in these cities, will be injured because they will be assessed to provide for the repayment of the federal funds illegally received by the cities. The plaintiffs say they will suffer legal injury because the prospective competition is unlawful; the unlawfulness consisting in the lack of power in Congress to authorize the purchase of the cities' bonds and the making of grants in aid of such enterprises. A claim that the federal government will some day sue to recover the loans and grants produced this rejoinder from Judge Otis of the Federal District Court of Missouri: "Perhaps it is not enough to say that Don Quixote never waged battle against as unreal a foe as is this ghost of a possibility." The application for injunction was denied, the bill dismissed, and the municipal system in the town of California is now in operation.

Federal Judge Reeves of the Missouri District Court refused to dismiss the bill brought to restrain the city of Concordia, Missouri, from accepting a P.W.A. loan and grant, on the ground that the generation of electricity by Concordia has no relation to interstate commerce, ignoring the fact that the authority of the P.W.A. is not based on the power to regulate interstate commerce but on the power to lay and collect taxes, to provide for the general welfare of the United States, to make all laws necessary and proper to effectuate the powers conferred; and furthermore, on the power of Congress to dispose of the property of the United States. Also, if the national government could establish and finance the Bank of the United States to

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make loans to responsible borrowers, it is difficult to see why it may not establish and finance the Public Works Administration to make loans to cities by purchasing their bonds.

Argument for the Defense.—All the suits challenge the grant as a "gift" beyond the power of Congress to authorize, but it is obvious that the grant is not a gift but is a loan made in consideration of the promises of the borrower to meet all the requirements of the P.W.A. wage rates, veterans' preference, N.R.A. compliance, etc.

In the P.W.A. cases, all the administrator is doing is purchasing the cities' bonds, which they are authorized by state law to issue, and making a grant. It is difficult to see how any such purchase and grant cause legal injury to the utility serving the city. Any loss from the city's competition will arise from the operation of the plant by the city and not from its financing by the government. If Morgan and Company bought the bonds and threw in a bonus, as it might lawfully do, the loss would be precisely the same. The Supreme Court has repeatedly held that competition between a city and a utility company not possessing a monopoly is not in violation of the due-process clause of the Fourteenth Amendment. Whatever loss the utility may suffer from the city's prospective competition is not a legal injury. Such an injury is the unlawful invasion of a legal right. The company has no right to be free of municipal competition in the absence of a monopoly franchise or certificate granting a monopoly. What the plaintiffs in these cases really claim is a vested right in the lack of opportunity of cities to borrow money at less than the going interest rate to finance their electric facilities. Sympathy between financial houses and the utilities had established in the latter a monopoly in fact although not in law. When the government offered municipalities loans at four percent and grants, this position was undermined. But no one has a vested right in the lack of opportunity of others to borrow.

However, these arguments failed to prevail with Judge Cavanah of the Federal District Court of Idaho, who went so far as to say that the federal government was without power to finance any municipal project. The Public Works Administration and the other defendants are taking an appeal in this case from the order of injunction and the refusal to dismiss the bill.

The P.W.A. and Utilities.—There has been a degree of coöperation between the P.W.A. and certain utility companies. Before loans to competing municipal plants are approved, these companies are offered the opportunity to put into effect rates lower than those at which the municipal plant will be self-liquidating and of obtaining the maintenance of no higher rates by legal sanctions. Several utility companies have made such reductions—which proves, all their denials to the contrary, that it can be done.

HENRY T. HUNT.

Washington Notes

The Diplomatic Mr. Jones—After the Purge—Trying to Salvage the N.R.A.—Marriner (White-Haired Boy) Eccles

VARIOUS recent developments have engendered such confusion within the administration that some of the most ardent Roosevelt devotees are in a depressed state of mind. If things keep on, there will be literally no one with a sense of direction left in the New Deal—with the possible exception of Mr. Jesse Jones of the R.F.C. Mr. Jones retains his by the simple expedient of keeping his own views strictly to himself and getting White House endorsement for every move he makes before he makes it. No one I know considers Mr. Jones a New Dealer at heart, but he has been more successful than anyone else in avoiding friction inside or outside of his department and at the same time he has managed to keep in tune with the White House orchestra. Mr. Jones's direction is Mr. Roosevelt's, and when it seems that Mr. Roosevelt himself does not know where he is going, the tall and ambitious Texan quietly waits until the situation clarifies. His department, which has been run on particularly hard-boiled lines, shows a noticeable absence of the perturbation and uncertainty that characterize nearly all the others.

There are those who regard Mr. Jones—and not without reason—as an incongruous figure in the New Deal, a man inextricably bound up with the old economic system, whose selfish interests are all entwined with the budget-balancing school of business men and who could not possibly believe in the big spending program that Mr. Roosevelt adopted last year and hopes to expand this year. I think these people are probably right in their estimate of Mr. Jones and that actually his political beliefs are about the same as those of Lewis W. Douglas, late director of the Budget. However, Mr. Jones is as chary and restrained in expressing his views as Mr. Douglas was open and indiscreet.

But to get back to the question of confusion. Aside from the R.F.C., there is not at this moment an agency of the administration that can be said to be functioning at 80 percent of efficiency. The recent so-called purge of the A.A.A., by which Mr. Jerome Frank—regarded by many as the most forceful and effective liberal in the administration—has been dropped out of the picture along with others affiliated with him and sharing his views, has created a situation within that organization that is hardly conducive to good management or results. There is no space here to go fully into the story of the inner dissensions that led to the shake-up, but it may as well be said that the outcome leaves Mr. Wallace in the rather uncomfortable position of not being the boss of his own show. It is interesting that Mr. Roosevelt's attitude was one of surprise when protest was made to him about this ruthless sidetracking of men upon whom, in the earlier days, he had leaned so heavily and who represented the liberalism for which he professed to stand. He had not, it is said, fully understood what was being done, but in any event he did not regard it as serious.

At any rate, it will be some time, I think, before the A.A.A. is again on an even keel and quite a while before

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the full effects of the changes are realized. Echoes of them are still reverberating about the town and various progressive Senators, indignant over what they think an unjustified turn to the right, are threatening to force an investigation. Probably nothing will come of these threats, but the whole uproar is calculated to preclude calm thinking and coöperative action for quite a little while. The real danger, of course, is that through Johnsonian methods at the top, the A.A.A. may gradually be forced into the same sort of demoralization that came about in the N.R.A., when, in his hurry to get results, the General jammed his codes through in any sort of shape, with the idea that after things began to work the kinks could be straightened out.

Speaking of the N.R.A., last week I reported that the President and his advisers had finally determined to ask for a two-year extension of life for the Blue Birdie, and that a plan would shortly be laid before Congress embodying the administration's idea of the form in which it should emerge. Such was the White House idea, but it has in part been abandoned—at least to the extent of passing the buck to Congress as to the drafting of the bill. This will be practically the first time that a recommendation from the President to Congress has not been accompanied by a bill prepared by one of the administration experts or advisers. Failure to do this is, I think, due almost entirely to the fact that the presidential advisers have been utterly unable to agree upon provisions that stand any chance of being accepted.

Between the conflicting demands of labor and industry, the desire of business to retain the monopolistic features and the insistence of Senators that they shall be abolished—between these and other things, it would be a disheartening job to frame a bill that would stand the fire, and the administration has so far declined to make the effort. It seems probable that in the end the administration will be forced to do the job or see the whole business scrapped, because the inert and indecisive congressional leaders are even more reluctant to do the drafting.

In the meantime the whole N.R.A. is in a state of suspended animation. The amazing thing is that the general public does not grasp this unpleasant fact and realize the moribund nature of this ridiculously ballyhooed experiment. While the whole administration apprehensively awaits the Supreme Court's decision in the gold cases, the new banking bill, which is designed to extend the authority of the Federal Reserve Board and centralize in Washington power over the banking system, is being pressed hard enough, but it is not making any perceptible progress, chiefly because of the recalcitrant Senator Glass.

It is interesting, however, that the bill has brought out clearly the new importance and prominence in the administration of Mr. Marriner Eccles, Governor of the Reserve Board. Those who should know intimate that Mr. Eccles' influence with Mr. Roosevelt is growing apace. The young Mormon financier from Utah has caught the President's fancy as few others have. He is in a fair way completely to overshadow Secretary of the Treasury Henry Morgenthau, Jr., as the real originator of the financial policies of the administration. Recently, too, he has been rather starring himself as a salesman of these policies.

Washington. T. R. B.

Other People's Money

Mr. Flynn Writes an Open Letter to Big Business

GENTLEMEN AND BUSINESS LEADERS:—As I take a good deal of interest in your affairs and in the delicate posture of those affairs in Washington, I beg that you will not feel I am intruding if I put forward another scrap of advice. I think you gentlemen have suffered a grievous strategical setback in the latest move of the Camorra in liquidating Jerome Frank and his allied embattled liberals in the A.A.A. After all, you might as well use your heads. Can it be that you have been unaware of the advantage you have enjoyed in the presence of these gentlemen in the government service? Their presence there has served to put a liberal or radical seal or label on every act of the administration. When the N.R.A. was set up, the antics of that noisy old fellow Johnson and all the Wall Street economists, trade-association attorneys, executives and their code carpentering were made possible because of the complete deception of the liberals. Do you think—the poor softies were told—that business can get its hooks in here with fellows like Rex Tugwell and Jerome Frank and Donald Richberg on the job?

Whenever a little tailor was put in jail for pressing pants below the gang price the finger of accusation went not towards the Chamber of Commerce, but towards the rascally Tugwell. While the Ropers and the Jesse Joneses and the Dickensons and the Morgenthaus and the Williamses and Farleys were passing out the public funds, setting up hundreds of little trade associations, parliaments to relieve Congress of the trouble of passing laws, devaluing gold, playing with the dollar and generally harnessing up the New Deal in the interest of the same old gang, it was always possible to keep the liberals quiet by pointing to Tugwell and Frank and others as guarantees that nothing sinister would be done.

Now you know as well as I do that Tugwell and Frank have had practically nothing to do with what has gone on in Washington. They didn't fashion the N.R.A. They didn't invent and propose the money policy. They haven't any influence over the Department of Commerce. They do not run the political show and pass out the plums. The President doesn't ask their advice on things. At first, the President's formula was to give one little plum to the liberals today and then half a dozen apples to the right-wingers tomorrow. The liberals were pleased with the plum. Then as matters progressed the President would give the liberals a little red apple today and the apple tree to the right-wingers tomorrow. The liberals were always able to reason that their good revolutionist friend Franklin had given the bad boys on the right the tree in order to keep them from yelling about the apple he gave the lefts. He was just quieting them.

But now the President has discovered that it is no longer necessary to give these patient liberals a plum. Whenever he is getting ready to garrote the Newspaper Guild or order a pogrom of the auto-labor group or name a tobacco magnate head of N.R.A., all that he has to do is have his picture taken with Rex Tugwell sitting in his auto the day

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before. This is proof to the world that the President has gone to the left.

Now the advantage of this is enormous to you gentlemen. If the New Deal succeeds, you are sitting pretty and they are out. But suppose the New Deal fails? I say suppose. It is not unthinkable. In fact, it is now so full of seams and cracks that it will take four and a half billion dollars to hold it together this year. Even Hoover's ramshackle recovery effort could have been held together for half that sum. Now if it fails what will people say? Has not the liberal or radical label been pinned on everything that has been done? And when the collapse comes will it not be the liberals and the radicals who will be blamed?

But here is where you are making a mistake and throwing away a grand advantage. The New Deal is not ready to bust up yet. With the billions borrowed on bonds it can go on for some time, unless the President loses his head altogether, as he gives some evidence of doing. In the meantime, the policy now in progress, that of hunting all the radicals out of the administration, will soon get around even to Tugwell. He will be liquidated. Then it will no longer be possible to pin radical labels on conservative Chamber of Commerce experiments. And when the crash comes you will get the blame, since there will be no one else around even to share it.

I suggest to you that the radical hunt be called off; that Frank and the others be permitted to remain. Or at least persuaded at all costs to stay in some part of the government service. And above all things keep Tugwell. None of these men has had any important effect on policies anyhow. They will not be able to hurt you. But they are needed for labeling purposes. And they will be perfect sacrificial goats when the lynching begins.

You gentlemen do not know how lucky you are. You were flat on your backs when Roosevelt came into office. He scared you with his speeches, but if you have not discovered that he is your best friend it is because you are more stupid than some of your critics maintain. The liberals want to curb the power of Big Business: they want to give the workers a larger share in the national income. But after two years Roosevelt has not gotten around to that. He has paid out billions in doles, but he has taken almost none of them out of the national income and hence away from the men of wealth. He has borrowed them and expects the children of today to repay them twenty years from now. You could ask no more from Hoover or Coolidge. As a matter of fact, while his political technique is different from that of Hoover and Coolidge and his phrases are different, fundamentally his economic philosophy is the same. Hoover was called a fat Coolidge. Roosevelt is really a smiling Hoover.

I beg you therefore to stop the purge and keep Tugwell and Frank by all means. As for Richberg, try in every way in your power to get him to put his mask on again.

Yours for sound and constructive thinking,

JOHN T. FLYNN.

Mr. O'Connor, Comptroller of the Currency, reports that the entire banking system has been rebuilt and that practically no evidence is left of the collapse. He is right. There is nothing left, of course, save the bankers who wrecked the banks and who still have them, the same old banking system under which they operated, something more than a billion dollars of government money in these banks in direct loans or preferred stock and many more billions through deposits created by government borrowing. J. T. F.

On the Labor Front

Five Steps Backward, None Forward—Misgivings in the A.F. of L.—Fascist Unions in the Making?

AT TIMES during the past two years it has been somewhat difficult to discover whether President Roosevelt, in his labor policy, was moving to the right or to the left or, for that matter, moving at all. One reason for this has been rather succinctly stated by Benjamin Stolberg and Warren Jay Vinton in their "Economic Consequences of the New Deal." "The New Deal for labor," they observe, "has consisted largely in moving one speech forward and two steps backward." In recent weeks, however, the administration has avoided—quite deliberately, it would seem—such ambiguity. There have been no speeches to raise labor's hopes, while the actions of the administration have been a succession of defeats for workers, both organized and unorganized.

It is worth summarizing a few of these events, not merely because they show how far to the right Mr. Roosevelt has now gone, but because they may mark a critical turning point in the relations between labor and the New Deal.

1. The National Labor Relations Board was stripped of its independent status. This was done at the request of the newspaper publishers, who wanted exclusive control of labor relations under their Code Authority.

2. The Automobile Code and the Automobile Labor Board were continued despite the bitter complaints against both by the auto workers, and despite an adverse vote of a majority of the National Industrial Recovery Board.

3. The President opposed and defeated, temporarily at least, the prevailing-wage amendment to the relief bill. The chief objections to having the government undercut prevailing wages are well known: (a) such wages in many localities are already so low that if the government undertakes to pay less the amount is almost certain to be inadequate for even a bare subsistence standard, and (b) setting up a lower wage standard is likely to bring the prevailing rate down.

4. The President acquiesced in the purge of so-called left-wing officials in the A.A.A., though this meant the loss of those who had been fighting most stubbornly to protect the rights of agricultural labor and the consumer.

5. The President approved a code for the cigarette industry with a minimum wage of twenty-five cents. In doing so, he overrode a recommendation of thirty-six cents an hour proposed by the N.R.A. administrator in charge of the code. The cigarette industry has been extremely prosperous, of course, throughout the depression. It could easily afford to aid reëmployment by giving its employees a thirty-hour week (instead of the

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forty-hour week in the code) and it has profits of about $100,000,000 a year that could be shared, in part at least, with its 20,000 workers.

The record could be extended, but it is perhaps more revealing to note that even the officials of the American Federation of Labor have suddenly become disturbed. William Green, in criticizing the President's extension of the Automobile Code at the request of the manufacturers and without giving labor a hearing, declared that "such action smacks of fascism in a most aggravated form." What Mr. Green and the A.F. of L. now fear is, of course, what the Communists and other left-wing leaders have been fearing since the early days of the N.R.A.—that it is the road toward increasing domination by government of labor organization and of working conditions. For there is the very real threat that this increasing domination will lead finally to the abolition of the right to strike. This is what the National Association of Manufacturers is demanding.

The threat of government control over labor unions is, in fact, already taking form in the automobile industry, as Louis Stark pointed out in The New York Times of February 3. Commenting on the imposition of the Automobile Labor Board on the auto workers, he observed:

> With the advent of the first governmentally created and supervised agencies for collective bargaining, works councils set up in the automobile industry by the Automobile Labor Board, there is now in existence for the first time in the United States—in embryo at least—what is felt by labor leaders to be a counterpart of the officially controlled trade unions of Germany, Italy, Austria and Russia.

Dr. Leo Wolman, chairman of the Automobile Board, is now preparing rules and regulations that will govern collective bargaining by these agencies in the auto field. There is the possibility, said Mr. Stark, that the completion of these rules "will usher in a sort of 'fascist' labor organization, virtually deprived of the ability to strike."

This prospect, it should be added, is more than remote. It is virtually a certainty if one examines the policy the Automobile Labor Board is now pursuing. The Board is polling all automobile workers, irrespective of whether they want elections or not. Obviously, such procedure is entirely contrary to the democratic principle of self-organization and is not countenanced by more impartial agencies like the National Labor Relations Board. For when elections are forced on workers who are unorganized, the result, almost inevitably, will be the choice of representatives who are in no position to carry on effective collective bargaining.

Unfortunately, the American Newspaper Guild is not affiliated with the A.F. of L., or Mr. Green would be even more agitated. The imposition of the Newspaper Industrial Board on the newspaper workers was an even greater threat to the right to organize. For the Newspaper Code, from which editorial employees now have no right of appeal, outlaws the use of all "coercive measures" in labor disputes. This means, simply, that newspaper workers cannot go on strike without violating the code and the rules under which the Newspaper Board operates. Moreover, the code prescribes a form of mediation that amounts in practice to compulsory arbitration.

There are those who hope, no doubt, that President Roosevelt will soon swing to the left and favor labor. As yet, however, there is no indication that he intends to. He has failed thus far to give his approval to Senator Wagner's Labor Disputes bill, while his "peace" conference with the executive council of the A.F. of L. yielded very little. The President did not concede a single one of the points in dispute between him and organized labor. The New York Herald Tribune is probably not far wrong in editorializing that the "reign of amity and coöperation proclaimed . . . ought to be good for just so long as the A.F. of L. will continue to do all of the coöperating." That may not be very long.

WILLIAM P. MANGOLD.

CORRESPONDENCE

Liberals and Soviet Russia

SIR: I read with much interest the account in The New Republic of January 16 of Mr. Hearst's effort to launch a crusade against "Red" professors in American universities and of the spirited protest this elicited in many quarters. My own sympathies in the matter are entirely with the professors and the protestants. Any attempt, by means of bulldozing or snooping, to repress the freest possible expression of ideas on political, social and economic questions, by university professors or by anyone else, seems to me an outrageous violation of the principles of democracy, of which Mr. Hearst, I believe, has always been a professed, noisy and blatant champion.

It happens that I have lived for almost twelve years in the Soviet Union, and this helped to give a Russian twist to my reaction to the incident of Mr. Hearst and his amateur sleuths. My first instinctive thought was one of amazement, combined with lively satisfaction, that any such maneuver could be discussed and denounced in public. And this train of thought led me on to a speculative consideration of what would have happened to dissident or subversive professors in the Soviet Union.

Let us take concrete hypothetical cases. What would be the fate of Professor Stepanov, of the Department of Economics of Moscow University, if he told his students that he questioned the Marxian theory of surplus value? Or what would happen to Young Communist Professor Ivanov, recent graduate of the Institute of Red Professors, if he confessed to a small group of associates that he considered Trotsky or Zinoviev a more faithful interpreter of Marx and Lenin than Stalin? Or what would become of Professor Vassilenko, teaching Ukrainian literature in Kiev, if he should express, publicly or privately, the point of view that Ukraina should enjoy more autonomy in relation to Moscow?

On the basis of long residence in Moscow and personal acquaintance with cases that are very similar to the hypothetical ones I have just outlined, I can suggest the answers to these questions with a fair degree of certainty. The first phase would have been similar to the experiences of Professors Washburne, Counts and Kilpatrick. Stepanov, Ivanov and Vassilenko would have been plied with spies and provocateurs. The sequel, however, would have been distinctly less favorable to the Russian professors. They would have been arrested, brought before a secret irresponsible tribunal, hectored and browbeaten and finally requested to sign elaborate confessions of counter-revolutionary thoughts and activities, with the intimation that it would be worse for them and their families if they refused to do so. Whether they signed the "confessions" or not would make little difference in the final disposition of their cases; they would be consigned to some bleak and inhospitable concentration camp, probably in the vicinity of the Arctic Circle. . . .

Mr. Hearst cuts a ridiculous figure when he employs communist-fascist methods of espionage and intimidation, supposedly in the interests of American democracy. But some of Mr. Hearst's opponents seem to be in no better plight logically when they vitiate fully justified indignation over an attack on academic free-

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dom in America by uncritical and unreserved praise of a system in Russia that is based on such an amount of espionage and repression that Mr. Hearst's fumbling efforts in the same direction seem mere fleabites by comparison.

This opens up a wider question that I have long since desired to pose. What is the background for the double standard of morals that not a few American and British radicals and liberals have consciously or unconsciously set up, one for Russia, one for the rest of the world? Isn't there something fundamentally unsound, even ridiculous, in the mental processes that lead many non-communists to apply to Russia an ever condoning, ever mitigating, soft and mild standard of judgment, while applying to the systems of Mussolini and Hitler and also to democratic regimes a merciless severity of moral judgment that suggests Jonathan Edwards, hell fire and eternal damnation?

WILLIAM HENRY CHAMBERLIN.

Los Angeles, Calif.

[An editorial discussing these points appears elsewhere in this issue.—THE EDITORS]

The Russian Executions

SIR: The enclosed document is a copy of a letter recently sent to His Excellency, Ambassador Troyanovsky.

INTERNATIONAL COMMITTEE FOR POLITICAL PRISONERS.

New York City.

[ENCLOSURE]

Mr. Alexander A. Troyanovsky,
Ambassador of the Union of Socialist Soviet Republics,
Washington, D. C.

Sir:

It is a function of this committee to express a section of American opinion concerning political persecution in other lands, in the belief and hope that such expressions tend to check excesses, and on occasion, to secure action on particular cases or issues. . . . This committee has acted on every such issue presented. We have championed the cases of anti-Fascists, of native opponents to alien imperialism, of working-class organizations, of revolutionary parties—conspicuous among them the Communists, persecuted or outlawed in a score of countries. Most of us connected with this committee or enlisted among the signers of its protests have long been identified also with the fight against all forms of political persecution in our own land.

We make this explanation of our function and activities to indicate clearly that we serve no partisan purpose whatever. We have, on occasion, protested to the authorities of your government against political persecution in the Soviet Union. Often, we have refrained from protests concerning political persecutions for mere opinion in the Soviet Union because we do not desire to give aid and comfort to the reactionary opponents of the Soviet Union. . . .

But occasions arise when even this precaution cannot prevent our speaking out. The recent arrests and executions following the atrocious assassination of Sergei Kirov, constitute such an occasion. Press dispatches from Moscow quoting official sources, make clear a shocking severity on the part of your government, unwarranted by any facts yet disclosed according to such dispatches. The usual procedure in political cases, summary as it is, was suspended. Scores of men were shot, some within a few hours of their arrest, without even the semblance of a trial, merely upon a review of evidence by a special tribunal sitting in secret.

We would not for a moment make representations on behalf of assassins or their accomplices, nor terrorists or conspirators engaged in carrying out or plotting overt acts against the Soviet States. When any government proceeds against any such enemies, no plea can justifiably be urged against its action.

But it seems clear that the arrests in the Soviet Union go far beyond any such categories. Their number and variety, the lack of detailed information and the summary method of trial and execution, all lead to such a conclusion. . . .

Ordinarily in making such representations to a foreign government, we do not take into consideration factors which might make us appear partisan. We have risked doing so in presenting this matter to you in a friendly spirit because of our desire not to make capital for reactionaries whose attitude generally toward liberty in any form, and toward the Soviet Union in particular, we unreservedly condemn.

We are, sir, Very truly yours,

ROGER N. BALDWIN, GEORGE S. COUNTS, JOHN DEWEY, LEWIS S. GANNETT, ARTHUR GARFIELD HAYS, JOHN HAYNES HOLMES, SINCLAIR LEWIS, ROBERT MORSS LOVETT, EDUARD C. LINDEMAN, JAMES H. MAURER, ELMER RICE, CHARLES E. RUSSELL.

[Mr. Waldo Frank sends us an open letter on the same subject. Like the letter from the International Committee for Political Prisoners, it is addressed to Ambassador Troyanovsky.—THE EDITORS.]

Sir:

Although a member of the International Committee for Political Prisoners, I have preferred not to sign its letter of protest to you against the recent Soviet executions; not because I do not deplore the methods of Soviet justice adopted in these cases, but because I wish to stress more strongly than such a general committee letter could my entire loyalty to the Soviet cause and my strict partisanship with its government in its struggles against a hostile world.

I understand that the cause of communism in the Soviet Union requires constant vigilance against counter-revolutionary forces, internal and external, and I do not arrogate to myself the capacity to judge the rightness of all the Soviet Union's protective measures. I understand that the state of virtual war against the Union has not altered throughout the world, despite signs of its abeyance; and that measures of defense, which may appear unjust to us, must be discounted as the result of war conditions and war psychology. I realize, further, that the peoples of Russia have their own background and that it is utopian to expect them, because of their heroic prosecution of a great social cause, to behave in every instance according to our own rules and ideals.

For these reasons, I am reluctant to sit in judgment against the political decisions of Moscow. But on the other hand, I must protest the recent terroristic methods of the government of the Soviet Union, and its obvious attempt to make political capital, for the extermination of political dissenters, out of an assassination, if for no other reason because of its weakening effect upon the Union's champions in America and elsewhere.

The U.S.S.R. is the "fatherland" of all true revolutionaries, the world over. And precisely because of this, it cannot be excused on the grounds of political expediency from living up to its own standards. It owes a great responsibility to those in every land who struggle to follow the lead of Russia in setting up a new society in their own borders. And in so far as the U.S.S.R. *appears* even to contradict justice at home, it is harming the cause of justice, strengthening the cause of fascism, abroad.

From the standpoint of this high strategy, if from no other, I deplore the recent executions in the Soviet Union. As a loyal defender of your great cause, I call on your government, through you, to make its recent action understandable to the world, and to guard against similar ambiguous action in the future.

I am, Respectfully yours,

(signed) WALDO FRANK.

Extracts from Letters

EDWIN ALEXANDER, JR., educational director of the National Student League, writes that the League is organizing a school of its own, "to make the student and the intelligent adult aware of social realities and to consider realistic proposals for the removal of social ills. The school starts the week of March 4 and will last for six weeks." Ten courses will be offered and the fee for each course will be 50 cents. Requests for further information should be addressed to the National Student League, 257 Seventh Avenue, New York City.

Paul Haines, 100 Washington Square, New York City, is writing a biography of Harold Frederic, whom he calls "a strangely neglected novelist," and is anxious to get in touch with persons who knew Frederic or who had correspondence with him.

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Spanish Plays

Field of Ermine, by Jacinto Benavente, adapted by John Garrett Underhill. Mansfield Theatre, February 8, 1935.

Bitter Oleander, by Federigo Garcia Lorca. Translated by José A. Weissberger. Lyceum Theatre, February 11, 1935.

THE ATTEMPT to bring such a play as Benavente's "Field of Ermine," as it stands, on to the English stage is in its way, I suppose, only another way of saying that you do not know what the stage is about. Or should we say it is an evidence of not sensing how much the soul of a race is manifest in its language? At any rate, you watch the performance of this Spanish play at the Mansfield Theatre and find yourself in a state of wonderment. Miss Frances Starr, who is essentially a player of the sort that rests on the stage—actors will know what that, as distinguished from the projective excitement of real acting, implies—is enough to kill any scene where there is either drama or changing states of mind. And in a Latin play like Benavente's, Mr. Charles Derwent strikes you as only a means of enunciating final syllables; with him in it the scene dies. The rest of the company play without mental excitement and without comprehension of the basic language behind these forms supplied by the translator.

In many spots Mr. Underhill's lines could not be spoken by any actors; they sound like a schoolroom version of a passage far removed in every sense from the language that we speak. There are, in fact, constant assortments of whiches, verbal structures and high-toned words that, though they may suggest distinction in the translator, compel a despair in the actor; for only by the most violent mental control, sharp stress on the essential units of the sentence, and vivid stream of magnetic emphasis, could these speeches be brought into line at all. Such intuitions of method or powers of enforcement are not at all evident in the company now presented in "The Field of Ermine." Everything that they do in the performance is essentially dull—all but the role of the brother's widow. The net result is a sort of pity on the part of the audience for the actors who have to struggle with such a play. Imagine!

Whether that lyric tendency of the latter portion of "Field of Ermine" could be adjusted to prose Broadway taste, is a question at best not easily answered. But it is at least clear that the statement, the terms used and the eloquence of passion and imagery would have to be adapted to our way of saying things. To keep Benavente's piece as it stands, to present it literally rendered into English, is only suicidal theatrically, not so much because our theatre is necessarily beneath him as because—to take one instance—even his speech medium turns out to be a falsification in our ears of his meaning and quality.

The linguistic is only a small portion of the difference between Benavente's theatric medium and that of the American theatre. When Miss Starr, for instance, feels that on a certain sentiment she must roll her eyes to the gallery, she only shows her innocence of the emotional and moral idiom characteristic of this play. When Mr. Derwent, expressing a certain gloom about himself—he will be missed after death by mendicant dogs at the corner near his club—falls into that sugared deliberation and sentimental chop-licking, he merely misses *in toto* the philosophical habit, the ironic salt and the traditional declamation of another race. The scenes often sound wrong because the actors have accumulated nothing for them.

Nevertheless, there are ways of reading Benavente's lines, even in English, by which either an impression of cerebral energy is conveyed, or else the emphases and parts of an involved sentence are first identified and then established, definitely, by intonation and timing.

As for "Bitter Oleander," the Spanish play at the Lyceum Theatre, celebrating the twentieth anniversary of the Neighborhood Playhouse, the racial removal from us is parallel to that in Benavente's play. "Bitter Oleander" is by a genuine poet, and the piece itself is said to have made some dramatic history in Spain. In the story of Señor Lorca's play the bride runs away with a former lover, now married; there is a stabbing and the mother of the bridegroom is left without any of her men. There are dances and songs, a wedding and so on.

Many passages in the performance that the Neighborhood Playhouse gives are clear and moving. The drawing in various scenes is clean and final. The whole approach is, to a considerable degree, stylized and simplified. The direction indicated is noble, Giottesque and right. The fact remains, nevertheless, that such a direction can achieve fruition only through the traditional and racial.

Racially the play is hopelessly far from us. A country like ours, where the chief part of a wedding is the conference between mothers-in-law, the trousseau, the presents and the going-away gown, can scarcely be expected to feel naturally in terms of wedding songs, grave and passionate motivations, rich in improvisations and earthborn devotions. No amount of dance lessons, chantings and drill can remove this portion of "Bitter Oleander" into what is convincing. The whole of it at best is an importation that is against the beat of this country.

"Bitter Oleander," in its poetry and in its method, suggests now and again D'Annunzio's "Daughter of Jorio," one of the most hopelessly inexportable fine dramas of our time. For the seventh century B.C., for Sappho's era, in the Grecian isles, there are many motifs and movements and lyricisms in "Bitter Oleander" that would have been easy. Mr. Lorca's bold and poetic mind expects a flowering toward the splendor and rigor and gravity of the heart. Fundamentally the difficulty of this play for our theatre is that we cannot sufficiently take it for granted, with all its full choric passion, its glowing simplicity and its basis in a Latin tongue, whose deceiving simplicity mocks translation.

Another way of praising Mr. Lorca is to say that the Neighborhood Playhouse does not desert its high tradition in attempting the production of his play.

The performances were in general sincere and painstaking, though the tempo of the whole was too slow. Of them all Miss Nance O'Neill's seemed to me by far the best. She has a genuine comprehension of the simplification, the meaning expressed by combination of details, the innate discipline that characterize such a role as that of the Spanish mother. As words, all this may sound plausible enough; but for such roles Miss O'Neill is unique on our stage.

STARK YOUNG.

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BOOKS IN REVIEW

A Hope for Poetry

HERE ARE two more books[1] to show that the hope for poetry in England is not a mirage. The palms on the horizon are only half-grown, but they are real. Their roots are watered by a genuine spring.

Stephen Spender, whose shorter poems were published here last September, has been living in Vienna while writing a longer and more ambitious work. In his boarding house he was surrounded with old maids and retired actors dead in the midst of life, people "printed in papers and cut out with scissors." In the streets he talked to the unemployed, whose eyes never met his, being "fixed upon an economic margin"; or else he listened to speeches by the official leaders, with smiles on their thin ministerial lips as transparent as thin glass—"the glass is dashed down suddenly and murder glares." He walked through the working-class quarters, where the great municipal apartment houses were pitted with machine-gun fire and cracked open by heavy artillery; he talked with survivors of the street fighting. And he incorporated all these encounters into a single poem, an elegy of eight hundred lines to the men who died in last year's revolution and a tribute to those who secretly, burrowing like moles among the ruins, are carrying on the work of the dead.

"Vienna" is not technically faultless. The verse is obscure at moments when it ought to be straightforward, involved when it should be simple; it contains several chunks of nearly undigested prose. Yet it shows that Spender has a talent for symphonic structure and for sustained movement that he never showed in his earlier work; it adds to his stature as a poet and a man.

Cecil Day Lewis is the writer most commonly linked with Spender and Auden. He has much in common with both of them, but he resembles Auden more closely—to such an extent, in fact, that many of his poems could be printed over Auden's signature, and vice versa, without changing the reputation of either. The whole group of younger English poets—not only the three who have been published here, but also others like Julian Bell, Louis MacNeice, R. E. Warner—are connected by common literary sources and political enthusiasms, by a tangle of personal friendships, and also by the use of what is almost a private language, with special values placed on words that are used repeatedly: "ancestors," "kestrels" as a symbol of free delight, "pylons" that stand for electrification, "the railhead" as a place from which paths diverge into unknown country. But each of these poets makes his own contribution to the common store; and that of Day Lewis is in certain ways greater than the others.

His "Poems" in the volume issued by Random House include three short books of verse and a long prose essay, all of which were published separately in England. "Transitional Poem"—really a sequence of thirty-four lyrics representing "phases of personal experience in the pursuit of single-mindedness"—is the first and least satisfying of these books. It proves that Day Lewis can be as metaphysical and pedantic as T. S. Eliot, and to my mind it does not prove much else. "From Feathers to Iron," dedicated to his wife, is simpler and better poetry. It is another sequence, this time consisting of thirty lyrics that deal with his thoughts and feelings during the nine months before the birth of his first child. Rarely in contemporary literature does one find love poems like these, at once passionate and intelligent and, in the best sense, manly. His third book, "The Magnetic Mountain," shows how his interests have broadened from the self to the family and at last to society in general. It consists of poems that are definitely political—"communist," they were called, although they are no more communist in the strict meaning of the word than any other honest appeals to build a new social order among the ruins. The book is well planned, splendidly put together, and it contains the best of his verse—as, for example, his description of the vessel that will carry us toward the future:

> Peerless on water, Oh proud our palace,
> A home for heroes, the latest of her line;
> A beater to windward, obedient to rudder,
> A steamer into storm, a hurricane-rider,
> Foam-stepper, star-steerer, freighter and fighter—
> Name her, release her, anoint her with wine!

In his prose essay, "A Hope for Poetry," he explains the social and literary background, the aims and poetical technique, of the group to which he belongs. He is a sharp critic, a clear, reasonable, undogmatic expounder, and his essay is almost indispensable to anyone who wants to know what Auden, for example, is trying to say in his more obscure poems. One of the ideas explained at length is that of "ancestor worship." It consists, Day Lewis says, in the feeling "that each of us has some personal link with the past, some natural or quasi-supernatural being from whom we draw power and refreshment, someone with whom a sudden recognition takes place." He adds that it is "of first importance" to all the poets of his circle. The trouble is that their favorite "ancestor," Gerard Manley Hopkins, has bequeathed them too rich a legacy of poetic mannerisms. It is only with the greatest difficulty that they are assimilating Hopkins' double epithets and cross rhymes and "sprung rhythm" into a personal style that is calculated to convey their own picture of the world.

Meanwhile the various roles of these young English poets are becoming more definite. Spender is above all the Man of Feeling, the poet who writes best when expressing his "palpable and obvious love" for his fellow creatures. Of the three, he comes nearest to having a universal appeal. Auden is the Man of Sensation, and he suffers, as Day Lewis points out in the midst of sincere praises, "from an extreme sensitiveness to the impact of ideas combined with an incapacity to relate them with any scheme of values." As for Day Lewis himself, he is the Man of Intelligence and the Man of Character. He is older than the others, more mature and level-headed; he has more critical sense and is able to develop a theme with surer logic. Politically, philosophically, every way but poetically, he is the best of his group, but he rarely touches Spender's warmth of human emotion or Auden's sharpness of perception. Still, he adds solidity and reasonableness and good humor to the unfinished structure on which they are jointly engaged; he too is a hope for poetry.

MALCOLM COWLEY.

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[1] Vienna, by Stephen Spender. New York: Random House. 37 pages. $1.25.

Poems, by C. Day Lewis. New York: Random House. 256 pages. $2.50.

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The Day of Dupes

France in Ferment, by Alexander Werth. New York: Harper and Brothers. 309 pages. $3.

A FEW MONTHS before February 6, 1934, Premier Daladier had defined France as "Liberty's last trench." Soon after February 6, the same Daladier toppled under the pressure of a street riot, and Doumergue was put in the saddle. It became apparent that Liberty would not balk at sharing that last trench with fascism.

Werth gives us a lively account of the events connected with this development. He dwells in detail on the Stavisky scandal and the riots in the Place de la Concorde, and ascribes their tragic effects to the state of the public mind in a period of economic stress and war danger. The Commission of Inquiry set up after the riots furnished him with material proving that the right was guilty of exciting the crowd, while the left committed several blunders at a critical moment.

"France in Ferment" contains an interesting picture of the French situation; the facts it presents are accurate; but it is still incomplete as interpretation. Werth achieves an apparent coherence by substituting "psychology" for objective analysis. When two contradictory aspects of an event have to be reconciled, he invokes the concepts of "individual blunder" and "weak character." And yet the events in question show as few events do the sharp divorce between the outside and the inside of political fronts. It is not for nothing that February 6 is called in France the Day of Dupes, for there was a great distance between the rioters' idea of the situation, and the situation as it really was.

Werth believes that at that time "Parliamentary government had not collapsed; it had merely broken down in the same way as a motor car breaks down; all it required was a good overhaul; but the passengers were impatient, and some began to cry out that the car was beyond repair and should be scrapped." In reality, things were more serious. Long before February 6, the French bourgeoisie was actively seeking a way out of its difficulties. Not a series of blunders, but the shrewd strategy of the Steel Trust explains the foreign policies that contributed to the rearmament of Germany. And the peculiar situation of the Radical Socialists, caught between their promises to their progressive-minded constituents and the ever increasing demands of the monopolies and banks, explains their hesitating domestic policy better than does the psychology of Daladier. In these conditions it was unavoidable that Parliament should be discredited and that ambitious politicians should come out with proposals of salvation through the acceptance of fascism. These politicians and their theories came both from the right (Tardieu) and from the left (the Neo-Socialists). Behind the smudge of parliamentary squabbles, the real problem was to determine under whose leadership the bourgeois parties were to unite against labor. The dirty linen that was aired in the violent debates over Stavisky was only the symbol of this struggle for leadership.

February 6 has historical significance, because on that day the bourgeois unification was achieved. And it was achieved by means of financial swindle, police intrigue and considerable bloodletting—the usual accompaniments of fascism at its birth. The particular circumstances of this event are interesting. Eugène Frot, Minister of the Interior in the ill fated Daladier Cabinet, played a suspicious part in them. He had conceived the plan of provoking a clash between rightist and leftist organizations, in order to intervene at the proper moment and appear as the savior of democracy against "all" dictatorships. He failed because the leftist elements did not respond to the call of their leaders, with whom Frot had excellent connections. This explains certain curious features of the riots, such as the incredible stubbornness of the mob, their real indignation when they saw the way to the Chamber of Deputies barred, the subsequent panicky flight of Frot and, above all, the almost supernatural mildness of the police, who for once did not use their firearms until they had no other choice.

Of course, had Frot succeeded, the only difference in the result would have been that he and not Doumergue would have been hailed as the savior. The workers' counter-manifestations three days later would have met with the same savage repression by the police.

Werth makes a great deal of the French liberals, whose spirit, he believes, is the chief obstacle to the advent of fascism in France. But look at Herriot, for example, whom he calls "the most wholehearted democrat in France"—Herriot did not move a finger to disarm the fascist leagues while he was in power. Since "France in Ferment" was written, Flandin has replaced Doumergue. His government has a more moderate appearance, but his actions are not reassuring. Another February 6 is being prepared. If freedom is going to survive in France, it will not be on account of any bombastic declarations made by the various Herriots, but because the working class stood together and held the last trench.

NORBERT GUTERMAN.

First Poems

Permit Me Voyage, by James Agee. New Haven: Yale University Press. 59 pages. $2.

Avalanche of April, by Kimball Flaccus. New York: Charles Scribner's Sons. 70 pages. $2.

THESE two volumes by poets not long out of college offer several curious points of contrast in relation to the way poets are educated at this time, and how they make use of their education. Basic and perhaps false inferences might be derived from the fact that Agee came from Harvard, Flaccus from Dartmouth. One would never know from a reading of "Permit Me Voyage" where the writer was trained, although one would immediately see he was carefully schooled in the strongest, most flexible traditions of English metric, that his readings in seventeenth-century prose and eighteenth-century verse had been wholly absorbed into his own unique gifts. As for Flaccus there is no question. His pages are as full of affectionate reminiscences of Dartmouth as if they had been written for the alumni magazine, and should give much corroborative pleasure to undergraduates. Neither published book is in what is generally understood to be the current direction of worthy verse. Except that Agee's constructed and choric forms include in their really singable lyricism a large quality of tragic strength, they apply in essence as much to present catastrophes as Blake's innocent songs did to his century. The Flaccus verses are familiarly Georgian, comfortable memoirs with the advantage of a bright vocabulary and every evidence of an excellent digestion. In their slight divergence from the completely conventional they give promise of an ultimately official literary voice. But Agee's rhymed and subtly scanned stanzas, formal with a loving careful formality, indicate an instrument achieved for future serious purposes.

The second section of Agee's book is a prose work entitled "Dedication." Its writing is so careful in its com-

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bination of immediacy and almost gnomic accuracy that it calls for closest reading. In atmosphere it is a prayer, but it is also a cosmology and a condemnation. Shorter than Auden's "Orators," it is grander, less private—or rather, without losing the personal note, it is more legible in its private reference. It speaks of God as He has not been addressed for a long time. It involves a kind of litany, a hymn of praise, compassion, and a curse of genuine proportions. Agee has the information of the daily papers distilled in his mind, and without resorting to the facility of quotation—that now too quickly fashionable method of synthetic newsreel arrangement—he erects a comprehensive globelike symbol of the present, its accumulative past, its indicated future.

As Mr. MacLeish says in his foreword, which will possibly be reviewed more thoroughly than the book itself, these verses will excite neither the left wing nor the right. The right will derive small comfort from its sense and will be too lazy to search for its style. The left will be upset perhaps by its traditionalism and more so by the impassioned, convinced and convincing religious emotion. But let them read the "Dedication" before excluding a brother-in-arms, who is no simple churchman, but a born poet, already mature.

LINCOLN KIRSTEIN.

X Marks the Moment

The Breathless Moment, Assembled by Philip Van Doren Stern; Introduction and Text by Herbert Asbury. New York: Alfred A. Knopf. 132 pages. $3.

THE SMOOTHLY reproduced photographs of this book are not for the most part so breathless as might be. The compilers are getting together as many pictures of the "ace" variety as possible, pictures that—whether caught cunningly or by chance—are good journalistic scoops, giving the nearest visual approximation to the crux of some violence. The mere sensationalism of a theme, that is, gets the inside rail over the related meanings, the suggestiveness of the photograph itself. (An exception, for example, would be the picture of the man with his head sticking out of the ground, and then the context explaining that he had been buried alive, bound hand and foot and covered with earth, that his head broke through the earth finally, but only in his death struggle; that he died a moment later.) In the beginning there are snaps of various catastrophes—the "Vestris," an earthquake tremor, floods, fires, major wrecks. And as the book proceeds through racing accidents, stunts that didn't work, rescues out of the earth and out of the sea, you begin to notice the placidity of natural disaster, whatever the toll, as compared with the violence practised upon men by other men, in riots, strikes, gang wars, public executions and, finally, in little rooms—one man with a machine gun cutting down a squad of men, lining them up in cold blood just across the room, and the place stuffing up with the smell of gunpowder and blood. And I do not think that the whole destruction of Pompeii has by suggestion anything so purely horrible in it as the picture of Will Brown of Omaha, a Negro lynched and roasted to death on a pyre, the body charred and bursting open, still burning—and those men standing around with their imbecile grins. The book is exciting, suggestive. It might prove an aphrodisiac to vampires, common flagellators, blood-bathers and sadists; but to the ordinary among us it is a forceful introduction to the appreciation of a good clean life at home.

OTIS FERGUSON.

Plato Without the Legend

The Platonic Legend, by Warner Fite. New York: Charles Scribner's Sons. 331 pages. $2.50.

PROFESSOR Fite has written a witty and timely volume, rich in critical insight and graceful erudition. Its flavor can best be appreciated by those who are familiar with the canonization of Plato in recent Anglo-American philosophy as the fount of all the philosophical virtues. Plato has been Christianized, Hegelianized and rebaptized with fresh doctrinal waters after every advance in mathematical logic and physics. Claims have been set forth with great sobriety by eminent scholars that he has anticipated Cantor in mathematics, Copernicus and Einstein in physics, Freud in psychology, Dewey in education and Lenin in politics. He has been hailed as the consummate artist, the paragon of statesmen, the prince of metaphysicians and the original light of such movements as socialism, feminism, eugenics and nudism.

Professor Fite does battle all along the line to those who have idealized and modernized Plato beyond recognition. He shows how the leading authorities have at crucial points mistranslated and misconstrued Plato's text, and probes delicately into the social motives that have led Tories like Shorey, Taylor and others to read comforting illusions into Plato's argument. He is particularly concerned with contesting the widespread belief that Platonic education provided opportunities for an open career to the offspring of all classes in the Republic, and brings up plausible evidence to substantiate the impression of unsophisticated readers that the Platonic commonwealth is a caste system run by a handful of self-perpetuating philosophical dictators for their own interests. Fite maintains that the historical Plato must be understood as a representative of his social class, his philosophical system interpreted as the construction of a defeated aristocrat enshrining values already outmoded in relation to his own times. In plain words, Plato and the Platonic Socrates were not prophetic rebels, martyrs to free speech, struggling to articulate ideals of enlightenment. They were reactionaries, propagandizing and demoralizing Periclean Athens by sophistry in the interests of the customs and institutions of "Spartan barbarism."

This realistic political interpretation of Plato was originally propounded by Grote, to whose neglected work Fite makes acknowledgement. Among Marxists, Franz Mehring was the first to undertake an examination of Greek philosophy from a class point of view; but his fragmentary remarks have never been developed. That the historico-materialistic interpretation of Greek culture confronts important difficulties was already recognized by Marx himself, when he said in his discussion of Greek art: "Certain periods of highest development of art stand in no relation to the general development of society, nor to the material basis."

The limitations of Fite's book arise from the counter-emphasis he has been compelled to give his theses. In places he is unfaithful to his own historical approach, particularly where he chides Plato for not being a modern. He fails to account for the influence of the Platonic legend not only on mathematical minds but on the whole European literary tradition, including some of his *Lieblingsdichter* (Cervantes, Goethe and Shelley) and on Rousseau, Dewey and other democratic educators. And most important of all, there is no recognition of the great technical contributions that Plato has made to philosophy.

SIDNEY HOOK.

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Which Way Toward Stability?

Towards Stability: The Problem of Economic Balance, by Sumner H. Slichter. New York: Henry Holt and Company. 222 pages. $2.

IN A CURSORY examination of a vast field of problems, Professor Slichter reviews the numerous strands of events interwoven in the business cycle, the various plans for possible control of investment, the proposed criteria for regulating the volume of credit, the numerous recipes for increasing purchasing power during depression, some of the difficulties of a planned society under capitalism and, finally, the obsolete features of our Constitution. According to this rapid survey, the prospects of attaining economic stability within the framework of capitalist society appear to be rather slight. The volume of economic activity in the present system can be stabilized only by stabilizing the prospects for profits. But stabilizing prospective profits would require, among other things, the introduction of considerable flexibility into cost—*i. e.*, into wages, the principal cost of production. However, flexible wages are wanted neither by employers nor by employees. Obstreperousness of a like nature on the part of minorities and majorities unaware of their better interests tends to prevent the social apparatus from functioning properly. Some limited measures for the control and alleviation of economic instability in our present society are recommended by Professor Slichter, but in a rather lukewarm fashion. And the final section of the book, entitled "The Outlook for Capitalism," concludes with the following sentence: "No one should be surprised . . . if it turns out that the successful operation of such a sensitive and intricate system as capitalism requires more understanding of economics, more appreciation of the interdependence of interests, and more capacity to coöperate than mankind can supply."

One may agree with this pessimistic outlook on the prospect of economic stability under capitalism, and still take issue with Professor Slichter's economic theory and evaluation of business-cycle policies. Stabilization of prospective profits is a highly ambiguous formula. If it means a comparatively stable profit *rate* for every enterprise, no matter how much capital is employed, the result, in an unplanned society, will be a scramble for capital under conditions that do not provide for a rational apportionment of the society's capital resources. If the profit rate is stabilized only for the existing amount of capital in each enterprise, the result will be a freezing of the economic system with an unnecessary payment for entrepreneurial functions no longer exercised. If an absolute volume of profits is assured to every enterprise, no matter how much capital it uses, the result will obviously be a rapid destruction of the capital accumulated by society. If prospective profits are stabilized for the industrial system as a whole, leaving the individual enterprises to make profits and losses, it does not necessarily follow that the volume of business spendings will be stabilized thereby, since capital equipment in growing enterprises may be expanded more quickly than it can be contracted in decaying enterprises. With this ambiguity in the concept of profit stabilization, there is a corresponding ambiguity in what is meant by flexible costs.

Another important point of doubt is Professor Slichter's neglect of the factor of consumers' spending, and of the dependence of profit prospects upon it. His chain of reasoning runs from business spending to consumers' spending, but not from the latter to the former. It is obvious, however, that in so far as business spending is governed by prospective profits, and these latter are affected by gross returns (which in their own turn depend upon consumers' spending) the circle is complete. The consequences of this, in so far as business-cycle policy is concerned, are important, and should modify considerably Professor Slichter's reluctance to approve wage increases during a depression. Under certain conditions a rise in wages may be a revival factor; while the rigidity of wages and other costs in our economy in general is an important element in preventing both a runaway boom and a runaway depression. In line with this is the author's neglect of the J. M. Clark theory of the relation between demand for consumers' goods and demand for capital goods, and his consequent misinterpretation of some of the empirically established relationships in the business cycle.

Economic stability and instability are important not as purely economic phenomena but in their wide implications with regard to social welfare. When such a broad base is adopted it may appear that some policies, even though they may prolong a depression, are desirable, since they reduce the burden of its incidence upon society as a whole. Also, any measures for stability can be properly evaluated only within a broader historical framework than is provided by current developments. Thus, some measures of control have a greater prospect of success than is apparent when too much emphasis is laid upon some transient defects of our national system of today. In the light of such considerations, Professor Slichter's discussion, valuable as it is in parts as an antidote to hasty thinking, is regrettably dogmatic in some of its conclusions.

SIMON KUZNETS.

Boy in the Ghetto

Call It Sleep, by Henry Roth. New York: Robert O. Ballou. $2.50.

THIS FIRST novel of immigrant life in Brownsville and the Lower East Side, as it is shocked into the senses of an immigrant Jewish child, is packed with rare powers and densities. Its sociological vision is securely, almost sternly, rooted in a psychological understanding complete enough to put out its own conclusions and indictments casually and powerfully as a tree declares its leaves.

Among American writers moving toward or away from social vision this is quite rare. In addition, Roth has all the talents: narrative gusto, nervous dispatch, clear largesse of feeling and an acute, almost acid, perception. Against a background of the elder Jewish humanities and out of their own mouths, in a superbly rendered idiom, his little gutter-snipes indict themselves and their bitter world of crapulous tenements and back lots. It's even money that this fellow will become one of the first novelists of the next decade.

But, while his intensity of personal feeling lights up some very dark spots in the political and human moments, Roth does not persevere with his vision. He pleads diffuse poetry to the social light, puts his hands over his eyes, and pinkly through the flesh sees the angry sunset. The incidental music, consequently, is the best thing in his book. The cheap whores, the splintered teeth, the infant sex burgeoning in clothespresses and cellar toilets, the little Yids precocious as wharf rats, come alive by their palpable truth and balanced density. By the same tokens, his long jet of eloquence about an absurdly sensitive child brings itself down on its nose in anguish, and its spectators down in revulsion, with a great whop of tripping and falling.

PAUL WREN.

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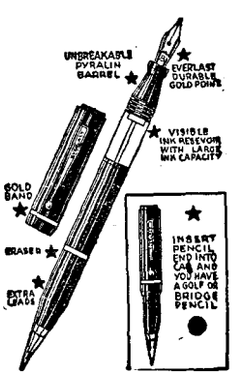
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Books in Brief

The Five Civilized Tribes, by Grant Foreman. Norman: The University of Oklahoma Press. 455 pages. $4.

IN HIS earlier "Indian Removal" Mr. Grant Foreman described the uprooting of the Choctaw, Chickasaw, Creek, Seminole and Cherokee tribes from their homes in the Southeastern states a hundred years ago, and their tragic journeys to the Indian Territory. With a wealth of precise documentation this new book pictures the incredible hardships they endured in a strange, uncongenial land. Robbed of tools, subjected to extortion by contractors and government agents, many of them starved. At all times they worked under enormous handicaps to reëstablish themselves. From Mr. Foreman's account one would judge that few tribal beliefs and customs had been sustained among them in their original strength and integrity. The process of "Americanization" had begun in the Mississippi Territory long before, yet white social and political institutions were still unfamiliar. A long, severe Indian apprenticeship followed, which was finally rewarded on a handsome scale by the opening of the Indian Territory to the white settlers. C. R.

Population Theories and Their Application, with Special Reference to Japan, by E. F. Penrose. Food Research Institute, Stanford University, California. 361 pages. $3.50.

This book is timely and important, though it is the sort of volume that is just technical enough to be dangerously misleading in the hands of laymen. The author shows a considerable familiarity with the literature of the subject, but some lack of discrimination in his reliance on authorities and a tendency to stress quotations that support his own thesis, even though they do not represent the bulk of competent, scholarly opinion. Some of his analyses are consequently immature, and lead him to a much too summary dismissal of certain important topics—such as the relation between immigration and the standard of living in the United States, and the effect of modern population movements upon the growth of population in the countries concerned. His general conclusion is summed up thus: "It is not . . . in the circumstances of the external world, but in the minds of men that the mainsprings of violent social conflict lie." H. P. F.

If I Were Dictator, by Julian Huxley. New York: Harper and Brothers. 170 pages. $2.

The spectacle of the humane and enlightened scientist as dictator, oozing a benevolent wisdom from every pore, solving the most baffling problems of social relationships by an abracadabra of rational (and rationalized) idealism, is presented to us in this slight volume by the eminent British biologist. Professor Huxley's philosophy is "a scientific humanism" maintaining that "the source of all truth, beauty, morality and purpose is to be found in human nature." A sufficiently ambiguous remark, not greatly clarified by the further statement that "the only good for life which I recognize is more life." This good is to be obtained by "planning": in ideas and habits; in techniques, production, commerce and trade; in public health, education, research and politics—even in the arts, which must be made to serve "the life of the community." Professor Huxley is an excellent biologist and he offers a Utopia somewhat more attractive than other Utopias, but he doesn't tell us how to get there or how to feed ourselves along the road.

H. W.

Innocence and Experience, by Phyllis Bottome. Boston: Houghton Mifflin Company. $2.50.

Those tales that Miss Bottome classifies under Experience are more convincing than the ones labeled Innocence. Perhaps this is because such lacquer-bright and finished technique as hers breathes of sophistication; perhaps because innocence is here viewed through the eyes of experience—eyes that sentimentalize and at the same time tend to patronize the object of their contemplation. Nevertheless, experience duly restrained, as in "The White Tulip," "The Wild Bird" and "Found," may—and does—achieve a fragile and lovely picture of innocence. Among the stories of experience, "A Last Gift" stands out for the same delicacy of conception and bright clarity of execution, and also for a larger share of that elusive quality called "reader's satisfaction," than is offered by its companions. All the stories are highly readable, marked with Miss Bottome's unfailing ingenuity and craft. Yet almost all of them somehow lack the vital force which one suspects may be weakened by too great a concern with technical finesse. R. M. L.

Windfalls, by Sean O'Casey. New York: The Macmillan Company. 202 pages. $1.75.

Eight poems, three prose poems, four short stories and two one-act plays compose this miscellany. The verses, whose mawkish poetics can be found recurring in "Within the Gates," were inspired by a girl who first led the author from "hanging around under the Irish tricolor and the red banner of Labor." There is much "literature" in them, but no "art"; yet these represent the "fuller understanding of Literature and Art" to which O'Casey was lured by the Irish lassie. The two playlets are for those who admired the stage Irishmen in "Juno and the Paycock." One short story, about the death of a tubercular girl in a tenement, has moments of effectiveness. K. W.

Contributors

JONATHAN MITCHELL, at one time a foreign correspondent for The New York World, is the author of "Goose Steps to Peace."

GEORGE E. NOVACK, a former member of the staff of E. P. Dutton and Company, is now working on a history of American philosophy since the Civil War.

A. R. ORAGE, who was the editor of the English publication, The New Age, for fifteen years, died in London last November. He was sixty-one years old and at the time of his death was editor of The New English Weekly. He was the author of many books, including "Friedrich Nietzsche: The Dionysian Spirit of the Age," "Readers and Writers" and "An Alphabet of Economics."

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The initials signed to the brief reviews are those of Constance Rourke, Henry Pratt Fairchild, Harold Ward, Robert Morss Lovett and Kenneth White.

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